

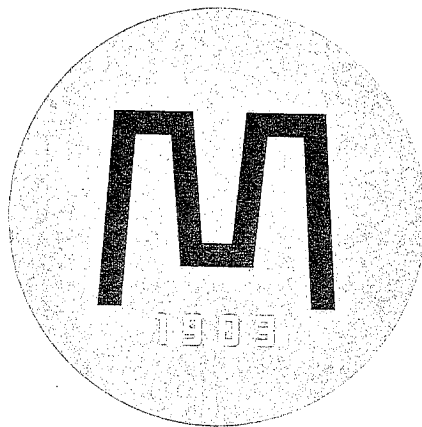
**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

of

MURRAY CITY CORPORATION, UTAH

for the

YEAR ENDED JUNE 30, 2008



MURRAY

DEPARTMENT OF FINANCE & ADMINISTRATION

PAT WILSON

DIRECTOR OF FINANCE & ADMINISTRATION

MURRAY CITY CORPORATION, UTAH
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008

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INTRODUCTORY SECTION



MURRAY CITY CORPORATION
FINANCE & ADMINISTRATION

November 17, 2008

Citizens of Murray City
The Honorable Mayor and
Members of the Municipal Council
Murray City Corporation
Murray, Utah 84107

The Comprehensive Annual Financial Report (CAFR) of Murray City Corporation (Murray City) for the fiscal year ending June 30, 2008, is submitted herewith. Utah state law requires that 'the Finance Director in cities of the first and second class shall present to the governing body an annual financial report prepared in conformity with generally accepted accounting principals (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed, certified public accountants. This report, which fulfills these requirements, was prepared by the Murray City Finance Division.

This report consists of management's representations concerning the finances of Murray City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Murray City government has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Murray City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Murray City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Murray City's financial statements have been audited by Hansen, Bradshaw, Malmrose and Erickson, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Murray City for the fiscal year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Murray City's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. The report of the independent auditor is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Murray City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Murray City, incorporated in 1902, is located in the central portion of Salt Lake County, approximately eight miles south of Salt Lake City. Murray City currently occupies a land area of about 11 square miles and serves a population of about 50,000. Murray City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to impose a 1% local option sales tax on all retail sales.

Murray City has operated under the strong mayor-council form of government since 1982. Policy-making and legislative authority are vested in the City Council which is made up of five members elected by district. The City Council is responsible, among other things, for passing ordinances, adopting the budget, approving appointments to committees and approving the department heads appointed by the Mayor. The Mayor, who is full time, is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government and for appointing the heads of the various departments. The City Council is elected on a non-partisan basis with members serving on a staggered four year term basis. The Mayor is elected at-large for a four year term.

The City provides a full range of services. These services include police and fire protection; sanitation services, the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. In addition to general government activities, the governing body controls the Water Fund, the Waste Water Fund, the Power Fund, the Solid Waste Management Fund, the Storm Water Fund and the Murray Parkway Recreation Fund; therefore, these activities are included in the reporting entity. However, the Murray City School District has not met the established criteria for inclusion in the reporting entity, and, accordingly, is excluded from this report.

The annual budget serves as the foundation for Murray City's financial planning and control. All funds of the City are required to submit requests for appropriations to the Mayor on or before the third Monday in February each year. The Mayor uses these requests as the starting point for developing a tentative budget. The Mayor then presents this tentative budget to the City Council for review by the second Tuesday of April. The City Council is required to hold a public hearing on the tentative budget and to adopt a final budget no later than June 20th. The appropriations budget is prepared by fund, function (e.g. public safety), and department (e.g. police). With the consent of the budget officer, department heads may make transfer of appropriations within a department. Transfer of appropriations between departments requires the approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. The level of budgeting control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the departmental level within an individual fund.

Factors Affecting Financial Conditions

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Murray City operates.

Local Economy. Murray City has enjoyed a good economic environment but like other cities in the area is beginning to experience an economic slowdown. Murray City is a major retail center in Salt Lake County with a regional mall, nine major automobile dealerships and several big box retailers. Because of this diversification, Murray City has seen less impact from this economic change. The reconstruction of the Fashion Place Mall which includes rebuilding of two high end department stores, a new life style center, additional restaurants and expansion of over 1,000,000 square feet of retail space is expected to help maintain a stable economic environment for the next few years.

Long-term financial planning. Murray City has had several capital construction projects in its five year plan. Murray City has recently completed a new fire station with the completion of another station expected during the coming fiscal year which will provide faster response times for our residents. City provided ambulance service is expected to begin during next fiscal year as well. The City will continue to use General Fund monies to construct, repair and maintain city roads in accordance with the pavement management plan. Other long term capital plans will be implemented as future economic conditions allow.

Cash Management policies and practices. Murray City has entered into an agreement with a major Utah bank where the balances in checking accounts are transferred to an Automatic Repurchase Agreement at the end of each banking day. These agreements allow the City to earn interest on all idle cash. All other cash temporarily idle during the year was invested in the United States Treasury and Federal Agency Money Market accounts, Zions Bank Certificates of Deposit and the Utah Treasurer's Investment Fund. All investments are considered short term and can be redeemed in three business days. The average yield on investments was 4.4 percent for FY08. Because all the City's investments are very short term there is minimal difference between the fair market value of its investment and its carrying value.

Risk Management. Murray City has employed a full time Health and Safety Manager for a number of years and uses various risk control techniques to minimize accident-related losses. Murray City is fully insured for workmen's compensation, health, commercial property and automobile liability coverage. Murray City maintains a \$250,000 deductible on its general liability policy and is fully self-insured for vehicle physical damage and unemployment compensation coverage.

Pension and other post-employment benefits. Murray City is a mandatory participant in the state-wide Utah Retirement System (URS), a defined benefit pension plan. Each year the URS engages an independent actuary to determine the contributory rate which must be made to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. Murray City is legally required to make this actual determined contribution to pension plans in which the City participates. As a result of URS conservative funding policy, the Contributory System is 100% funded, the Non-contributory Retirement System is 101% funded, the Public Safety Retirement System is 97% funded and the Firefighters Retirement System is 115% funded. We expect all Retirement Systems which are currently not fully funded to achieve full funding within the next ten years.

Murray City provides some post-retirement health and dental care benefits for its retirees and their dependents. An actuarial study is planned for next fiscal year with disclosure made in the next fiscal year financial statements.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Murray City Corporation for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This was the twenty-seventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Division. I would like to express my appreciation to all members of my staff who assisted in and contributed to its preparation. Credit must also be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of Murray City's finances.

Respectfully submitted,

A handwritten signature in cursive script, reading "Pat Wilson". The signature is written in dark ink and is positioned above the printed name and title.

Pat Wilson
Director of Finance and Administration
Chief Financial Officer

MURRAY CITY CORPORATION

PRINCIPAL OFFICIALS

ELECTED OFFICIALS

Daniel C. Snarr
Mayor

Krista Dunn
Council Chairman

James A. Brass
Council Member

Pat Griffiths
Council Member

Jeffery L. Dredge
Council Member

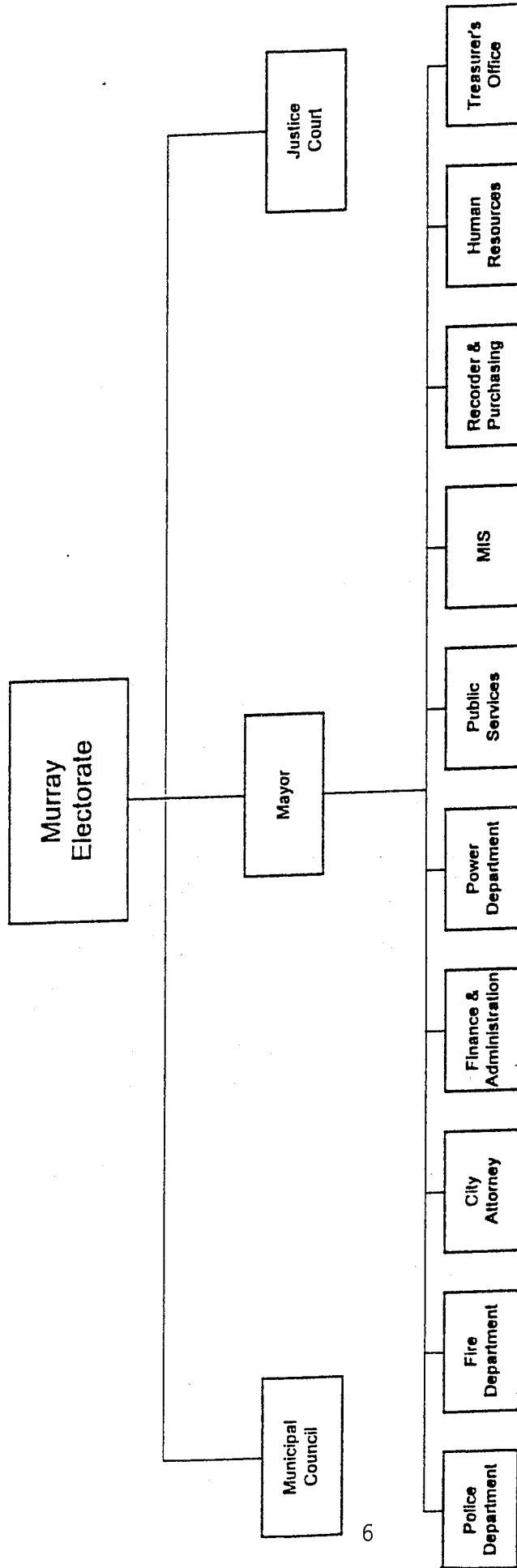
Robbie Robertson
Council Member

DEPARTMENT AND DIVISION HEADS

Daniel Barr
W. Paul Thompson
Peter A. Fondaco
Blaine Haacke
Carol D. Heales
Douglas P. Hill
Ronald L. Koller
David K. Larsen
Frank Nakamura
Gilbert Rodriguez
B. Tim Tingey
Patricia D. Wilson
Michael P. Terry

Library Director
Justice Court Judge
Police Chief
Power General Manager
City Recorder
Public Services Director
City Treasurer
MIS Director
City Attorney
Fire Chief
Economic Development Director
Director of Finance and Administration/CFO
Human Resources Director

Murray City Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Murray City Corporation
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

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FINANCIAL SECTION

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

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Bountiful, Utah 84010
801-296-0200
Fax 801-296-1218

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Gary E. Malmrose, CPA
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Michael L. Smith, CPA

Jason L. Tanner, CPA
Robert D. Wood, CPA

*Members of the
American Institute
of Certified Public
Accountants*

*Members of the
Private Company
Practice Section*

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor and Members of the City Council
Murray City Corporation, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Murray City Corporation, Utah (the City), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Murray City Corporation, Utah, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2008, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 11-18 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison information, and statistical tables are presented for purposes of additional analysis are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

November 6, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Murray City Corporation, we offer readers of the Murray City financial statements this narrative overview and analysis of the financial activities of Murray City for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of Murray City exceeded its liabilities at the close of the most recent fiscal year by \$147,138,618 (net assets). Of this amount, \$40,447,096 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Murray City's total net assets increased by \$3,729,631. The majority of this increase (\$2,702,238) resulted from changes in unrestricted net assets with the remaining increase due to changes in investment in capital assets.
- As of the close of the current fiscal year, Murray City's governmental funds reported combined ending fund balances of \$14,352,932 a decrease of \$1,839,540 in comparison with the prior year. Approximately 75 percent of this total amount, \$10,741,518 is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,962,489 or 18 percent of total general fund expenditures.
- Murray City's total bonded debt decreased by \$2,805,000 (6 percent) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Murray City's basic financial statements. Murray City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Murray City's finances, in a manner similar to private-sector business.

The *statement of net assets* presents information on all of Murray City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Murray City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Murray City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Murray City include general government, public safety, highways and public improvements, parks and recreation, library and community and economic development. The business-type activities of Murray City include a Water Fund, Wastewater Fund, Power Fund, Murray Parkway Fund, Solid Waste Management Fund, and Storm Water Fund.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Murray City, like any other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Murray City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Murray City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and capital projects which are considered to be major funds. Data from the other six governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Murray City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. Murray City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Murray City uses enterprise funds to account for its Water Fund, Waste Water Fund, Power Fund, Murray Parkway Recreation Fund, Solid Waste Management Fund, and Storm Water Fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Murray City's various functions. Murray City uses internal service funds to account for maintenance of its vehicles and for its self insurance programs. Because both of these services predominantly benefit government rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund, the Waste Water Fund, the Power Fund, and for the Storm Water Fund all of which are considered to be major funds of Murray City. Data from other proprietary funds are combined into a single aggregated presentation. Individual fund data is provided in the form of *combining statements* elsewhere in this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Murray City, assets exceeded liabilities by \$147,138,618 at the close of the most recent fiscal year.

By far the largest portion of Murray City's net assets (74 percent), reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Murray City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Murray City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

MURRAY CITY'S Net Assets (In thousands)						
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007 *	2008	2007 *
Current and other assets	\$ 31,046	\$ 31,702	\$ 25,812	\$27,400	\$ 56,858	\$ 59,102
Capital assets	69,521	65,135	85,645	85,361	155,166	150,496
Total assets	100,567	96,837	111,457	112,761	212,024	209,598
Long-term liabilities outstanding	10,823	14,421	30,408	32,147	41,231	46,568
Other liabilities	14,180	10,718	9,474	8,903	23,654	19,621
Total liabilities	25,003	25,139	39,882	41,050	64,885	66,189
Net assets:						
Invested in capital assets, net of related debt	52,903	52,908	53,269	55,433	106,172	108,341
Restricted	520	520	0	0	520	520
Unrestricted	22,141	18,270	18,306	16,278	40,447	34,549
Total net assets	\$ 75,564	\$71,698	\$ 71,575	\$ 71,711	\$ 147,139	\$ 143,409

* Restated

An additional portion of Murray City's net assets (.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$40,447,096) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Murray City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of \$3,729,631 in net assets of Murray City during the current fiscal year. The primary reason for increase in net assets was the expanded investment in capital assets by the governmental funds.

Governmental activities. Governmental activities increased Murray City's net assets by \$3,865,832. Key elements are as follows:

- Administration charges paid by City enterprise funds to City's General Fund (\$2,676,908).
- Governmental expenditures were less than revenues (\$1,053,129) partially due to a delayed start of planned City ambulance services.

MURRAY CITY'S Changes in Net Assets
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007 *	2008	2007 *
Revenues:						
Program revenues:						
Charges for services	\$ 5,698	\$ 6,474	\$46,632	\$ 46,287	\$ 52,330	\$ 52,761
Operating grants and contributions	365	555			365	555
Capital grants and contributions	1,591	14,893			1,591	14,893
General revenues:						
Property taxes	8,975	8,784			8,975	8,784
Franchise taxes	3,503	3,481			3,503	3,481
General sales taxes and energy sales taxes	15,288	15,235			15,288	15,235
Interest income	943	1,068	760	831	1,703	1,899
Gain on disposal of assets	165	109	579	199	744	308
Miscellaneous	269	325	0	32	269	357
Total revenues	36,797	50,924	47,971	47,349	84,768	98,273
Expenses:						
General government	5,536	5,090			5,536	5,090
Public safety	15,989	15,758			15,989	15,758
Highways & public improvements	5,212	5,915			5,212	5,915
Parks & recreation	6,297	6,705			6,297	6,705
Library	1,444	1,478			1,444	1,478
Community & economic dev.	777	434			777	434
Interest on long term debt	489	427			489	427
Power			35,397	34,579	35,397	34,579
Water			3,520	4,023	3,520	4,023
Waste Water			2,746	3,354	2,746	3,354
Storm Water			1,382		1,382	0
Non-major proprietary funds			2,249	3,974	2,249	3,974
Total expenses	35,744	35,807	45,294	45,930	81,038	81,737
Increase in net assets before transfers	1,053	15,117	2,677	1,419	3,730	16,536
Transfers	2,813	(10,781)	(2,813)	10,781	0	0
Increase (decrease) in net assets	3,866	4,336	(136)	12,200	3,730	16,536
Net assets at Beg. of year, as restated	71,698	67,362	71,711	59,511	143,409	126,873
Net assets at end of year	\$ 75,564	\$ 71,698	\$ 71,575	\$ 71,711	\$ 147,139	\$ 143,409

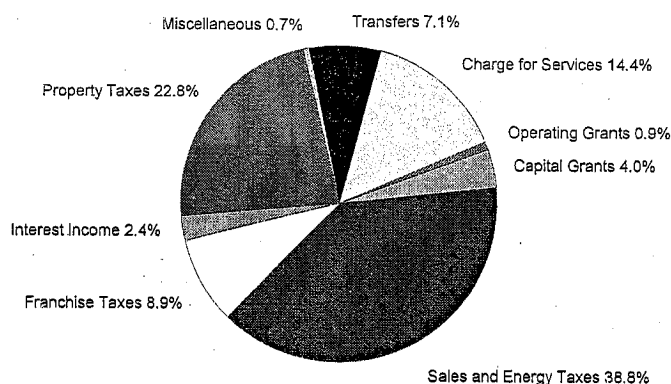
* Restated

Expense and Program Revenue - Governmental Activities

Expense and Program Revenue - Governmental Activities
(In thousands)

	Expense	Program Revenue	Net Governmental Activities
General	\$ 5,536	\$ 3,621	\$ (1,915)
Public safety	15,989	340	(15,649)
Highways and public improvement	5,212	1,743	(3,469)
Parks, recreation and public property	6,297	1,859	(4,438)
Library	1,444	56	(1,388)
Community and Economic Development	777	35	(742)
Interest on long-term debt	489	0	(489)
Total	\$ 35,744	\$ 7,654	\$ (28,090)

Revenue by Source - Governmental Activities



Business-type activities.

Business-type activities decreased Murray City's net assets by \$136,201.

Key elements of this decrease are as follows:

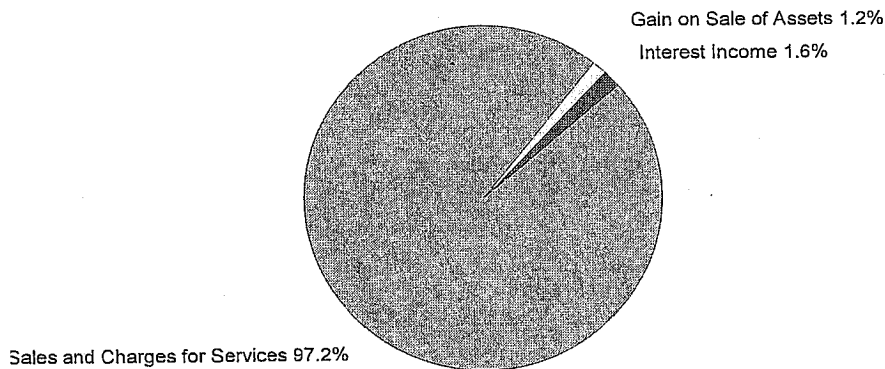
- Expenses for purchased power substantially increased due to the loss of an Idaho Power Contract.
- Significant substation and distribution upgrades were made by the Power Department to serve new commercial and residential development.
- Transfers to governmental activities for services provided were \$2,812,704.
- Interest income was less than projected.

Expenses and Program Revenues - Business-type Activities

Expenses and Program Revenue - Business-type Activities
(In thousands)

	Expense	Program Revenue	Net Business-Type Activities
Power	\$ 35,397	\$ 33,707	\$ (1,690)
Water	3,520	5,594	2,074
Wastewater	2,746	3,447	701
Storm Water	1,382	1,508	126
Non-major funds	2,249	2,376	127
Total	\$ 45,294	\$ 46,632	\$ 1,338

Revenue by Source - Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, Murray City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Murray City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Murray City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Murray City's governmental funds reported combined ending fund balances of \$14,352,932 a decrease of \$1,839,540 in comparison with the prior year. Approximately 75 percent of this total amount or \$10,741,518 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to pay for capital projects, to generate income to pay for the perpetual care of the municipal cemetery and for a variety of other restricted purposes.

The general fund is the chief operating fund of Murray City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$5,962,489 while total fund balance was \$8,997,528. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 18 percent of total general fund expenditures, while total fund balance represents 27 percent of that same amount. The fund balance of Murray City's general fund decreased by \$2,159,142 during the current fiscal year.

Proprietary funds. Murray City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water Fund at the end of the year were to \$6,672,743, in the Waste Water Fund unrestricted net assets were \$5,216,947 for the Power Fund unrestricted net assets were \$5,469,019 and for the Storm Water Fund unrestricted net assets were \$398,320.

General Fund Budgetary Highlights

The original fiscal year 2008 City budget was increased \$6,685,000 by amendment. Unreserved fund balance of the General Fund was used to fund additional costs for building two new fire stations (\$4,102,000), replacing boilers in the Park Center (\$60,000), repairs to the swimming pool (\$18,000), tennis courts repairs (\$45,000), city ballpark improvements (\$20,000), correction of reporting discrepancies (\$88,000), and funding retirement payouts (\$50,000). An additional \$15,000 was added to the General Fund budget for cultural arts project funded by unexpected new revenues from the Zoo, Arts and Parks (ZAP) funds. The Capital Projects Fund budget was increased by \$2,272,000 with funds transferred from the City's General Fund. To help with weed control within the City, \$20,000 was moved within the General fund from the budget of the Recorder's Department to the budget of the Public Service Department. These budget amendments are expected to have no significant negative effect on future services or liquidity.

Capital Asset and Debt Administration

Capital assets. Murray City's investment in capital assets for its governmental and business-type activities as of June 30, 2008 were \$155,166,943 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total change in Murray City's investment in capital assets for the current fiscal year was 2.4 percent (a 6.7 percent increase for governmental activities and a .8 percent decrease for business-type activities). These changes in capital assets will have no effect on the availability of fund reserves for future use.

MURRAY CITY'S Capital Assets

(In thousands)

(Net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007 *	2008	2007 *
Land	\$ 10,510	\$ 10,510	\$ 3,850	\$ 3,850	\$ 14,360	\$ 14,360
Buildings	26,730	24,051	5,986	5,986	32,716	30,037
Improvements other than buildings	15,777	15,215	143,888	141,317	159,665	156,532
Machinery and equipment	11,979	13,639	21,846	20,411	33,825	34,050
Infrastructure	57,342	55,916	0	0	57,342	55,916
Construction in progress	2,330	207	1,475	270	3,805	477
	124,668	119,538	177,045	171,834	301,713	291,372
Less accumulated depreciation	(55,146)	(55,403)	(91,400)	(86,473)	(146,546)	(140,876)
Net Capital Assets	\$ 69,522	\$ 65,135	\$ 85,645	\$ 85,361	\$ 155,167	\$ 150,496

* Restated

Major capital asset events during the current fiscal year included completion of one new fire station (\$2,679,205) and various road projects (\$1,425,226). Two major construction projects in progress include Fire Station #83 and the Murray Library remodel which are currently valued at \$883,258 and \$830,369 respectively. Additional information on Murray City's capital assets can be found in the Notes to the Financial Statement, Note 4, Capital Assets on page 44.

Long-term debt. At the end of the current fiscal year, Murray City had total bonded debt outstanding of \$42,815,000. All of Murray City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

MURRAY CITY'S Outstanding Debt
(In thousands)

	Governmental Activities		Business--type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenue bonds	\$11,810	\$13,115	\$31,005	\$32,505	\$42,815	\$45,620

Murray City's total bonded debt decreased by \$2,805,000 (6.1 percent) during the current fiscal year.

Murray City's Electric Revenue Bonds Series 2001, 2004 and 2006 as well as the 2003 Water and Sewer Revenue Bonds, Excise Tax Revenue Bonds, Sales Tax Revenue Refunding Bonds Series 2007 are rated Aaa by Moody's and are insured. The City's Sales Tax Revenue Bond Series 2002 are not rated. In May 2002, Murray City issued \$1,865,000 in Sales Tax Revenue Bonds Series 2002 to finance capital improvements to various parks within the City. As allowed by state law the Redevelopment Agency of Murray City will make all principal and interest payments on these bonds over the next 8 years.

In November of 2006, Murray City refunded a portion of the Series 2001 and 2004 Electric Revenue Bonds with the Series 2006 Electric Revenue Bonds with a net present value savings of almost \$612,000. In March of 2007 the City refunded and defeased the Municipal Building Authority Bonds Series 1997 and 2001 with the Sales Tax Revenue Bonds Series 2007 with a net present value savings of \$312,000.

State statutes limit the amount of debt a governmental entity may issue to 8 percent of its reasonable fair cash value of property. The current debt limitation for Murray City is \$375,185,000, which is significantly in excess of Murray City's outstanding debt.

Additional information on Murray City's long-term debt can be found in Note 4, page 50.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for Murray City is currently 3.3 percent, which is a increase from a rate of 2.6 percent a year ago. This compares to the state's average unemployment rate of 3.5 percent and the national average of 6.1 percent.
- The occupancy rate of the government's retail stores and business offices has remained in the high 90 percent for the past four years.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing Murray City's budget for the 2009 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Murray City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 5025 South State Street, Murray City, Utah, 84107.

MURRAY CITY CORPORATION, UTAH

Statement of Net Assets

June 30, 2008

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 14,811,093	\$ 9,892,257	\$ 24,703,350
Receivables, net of allowance for uncollectibles	7,396,968	5,102,171	12,499,139
Inventories	54,493	1,964,496	2,018,989
Due from other governments	3,062,304	111,150	3,173,454
Notes receivable	1,966,650	-	1,966,650
Restricted cash	1,271,414	2,426,351	3,697,765
Land held for resale	20,000	-	20,000
Land	10,510,282	3,849,761	14,360,043
Buildings	26,729,918	5,985,675	32,715,593
Improvements other than buildings	15,777,026	143,888,232	159,665,258
Machinery and equipment	9,867,164	20,562,592	30,429,756
Furniture and fixtures	2,111,544	1,284,018	3,395,562
Infrastructure	57,341,656	-	57,341,656
Construction in progress	2,329,796	1,474,861	3,804,657
Accumulated depreciation	(55,145,878)	(91,399,704)	(146,545,582)
Investments in joint ventures	1,643,680	3,195,752	4,839,432
Unamortized bond issue costs	818,709	967,586	1,786,295
Prepaid generation and transmission fees	-	2,151,489	2,151,489
Total assets	100,566,819	111,456,687	212,023,506
<u>LIABILITIES</u>			
Accounts payable	1,799,974	4,757,050	6,557,024
Accrued interest payable	64,548	177,717	242,265
Accrued liabilities	1,583,667	548,436	2,132,103
Customer deposits	-	1,423,685	1,423,685
Unearned revenue	6,952,311	-	6,952,311
Noncurrent liabilities:			
Due within one year	3,778,523	2,567,891	6,346,414
Due in more than one year	10,823,488	30,407,598	41,231,086
Total liabilities	25,002,511	39,882,377	64,884,888
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	52,902,803	53,268,719	106,171,522
Restricted for:			
Perpetual care - nonexpendable	520,000	-	520,000
Unrestricted	22,141,505	18,305,591	40,447,096
Total net assets	\$ 75,564,308	\$ 71,574,310	\$ 147,138,618

The accompanying notes are an integral part of this financial statement.

MURRAY CITY CORPORATION, UTAH
Statement of Activities
For the Year Ended June 30, 2008

	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities						
General government	\$ 5,535,977	\$ 3,615,584	\$ 5,200	\$ (1,915,193)	\$ (1,915,193)	\$ (1,915,193)
Public safety	15,989,552	340,284	-	(15,649,268)	(15,649,268)	(15,649,268)
Highways and public improvements	5,212,078	-	1,555,813	(3,468,713)	(3,468,713)	(3,468,713)
Parks, recreation and public property	6,297,459	1,702,493	156,000	(4,438,966)	(4,438,966)	(4,438,966)
Library	1,444,039	40,052	16,006	(1,387,981)	(1,387,981)	(1,387,981)
Community and economic development	776,806	-	35,326	(741,480)	(741,480)	(741,480)
Interest on long-term debt	488,505	-	-	(488,505)	(488,505)	(488,505)
Total governmental activities	35,744,416	5,698,413	1,591,139	(28,090,106)	(28,090,106)	(28,090,106)
Business-type activities						
Power	35,397,182	33,706,578	-	\$ (1,690,604)	\$ (1,690,604)	(1,690,604)
Water	3,520,613	5,594,100	-	2,073,487	2,073,487	2,073,487
Waste water	2,745,852	3,447,532	-	701,680	701,680	701,680
Golf course	1,538,119	1,541,838	-	3,719	3,719	3,719
Storm water	1,381,677	1,507,583	-	125,906	125,906	125,906
Solid waste	710,794	833,967	-	123,173	123,173	123,173
Total business-type activities	45,294,237	46,631,598	-	1,337,361	1,337,361	1,337,361
General Revenues:						
Taxes						
Property taxes				8,975,026	-	8,975,026
Franchise taxes				3,503,368	-	3,503,368
General sales taxes and highway sales taxes				15,288,195	-	15,288,195
Interest income				942,865	759,968	1,702,833
Gain on sale and disposal of assets				165,197	579,174	744,371
Miscellaneous				268,583	-	268,583
Transfers - net				2,812,704	(2,812,704)	-
Total general revenue and transfers				31,955,938	(1,473,562)	30,482,376
Change in net assets				3,865,832	(136,201)	3,729,631
Net assets - beginning, as restated				71,698,476	71,710,511	143,408,987
Net assets - ending				\$ 75,564,308	\$ 71,574,310	\$ 147,138,618

The accompanying notes are an integral part of this financial statement.

MURRAY CITY CORPORATION, UTAH
Balance Sheet – Governmental Funds
June 30, 2008

	Governmental Fund Types			
	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 6,801,199	\$ 3,866,670	\$ 3,287,878	\$ 13,955,747
Receivables:				
Property taxes	5,567,645	-	1,350,832	6,918,477
Special assessments	50,596	-	-	50,596
Other	427,895	-	-	427,895
Notes receivable	1,966,650	-	-	1,966,650
Due from other funds	863,500	-	-	863,500
Due from other governments	3,026,978	-	35,326	3,062,304
Land held for resale	-	-	20,000	20,000
Restricted cash	1,235,039	-	36,375	1,271,414
Total assets	\$ 19,939,502	\$ 3,866,670	\$ 4,730,411	\$ 28,536,583
<u>LIABILITIES</u>				
Accounts payable	\$ 672,000	\$ 610,534	\$ 499,697	\$ 1,782,231
Accrued liabilities	1,333,533	-	38,957	1,372,490
Due to other funds	-	-	763,500	763,500
Deferred revenue	8,936,441	-	1,328,989	10,265,430
Total liabilities	10,941,974	610,534	2,631,143	14,183,651
<u>FUND BALANCE</u>				
Reserved for:				
Land held for resale	-	-	20,000	20,000
Capital projects	1,800,000	-	-	1,800,000
UTOPIA	1,235,039	-	-	1,235,039
Cemetery perpetual care	-	-	520,000	520,000
Working capital	-	-	36,375	36,375
Unreserved, reported in:				
General fund	5,962,489	-	-	5,962,489
Special revenue funds	-	-	750,218	750,218
Capital projects funds	-	3,256,136	-	3,256,136
Permanent fund	-	-	772,675	772,675
Total fund balances	8,997,528	3,256,136	2,099,268	14,352,932
Total liabilities and fund balances	\$ 19,939,502	\$ 3,866,670	\$ 4,730,411	\$ 28,536,583

The accompanying notes are an integral part of this financial statement.

MURRAY CITY CORPORATION, UTAH
Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Assets
For the Year Ended June 30, 2008

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total Fund Balances - Total Governmental Funds (page 21)	\$ 14,352,932
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	71,165,188
Other long-term assets are not available for current period expenditures and are therefore deferred in the funds balance sheet.	4,131,828
Internal service funds are used by management to charge the costs of fleet management and risk management to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Assets.	546,882
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(14,632,522)</u>
Net Assets - Governmental Activities (page 19)	<u><u>\$ 75,564,308</u></u>

The accompanying notes are an integral part of this financial statement.

MURRAY CITY CORPORATION, UTAH
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds
For the Year Ended June 30, 2008

	Governmental Fund Types			
	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Taxes and special assessments	\$ 25,546,217	\$ -	\$ 2,392,582	\$ 27,938,799
Licenses and permits	1,629,110	-	-	1,629,110
Intergovernmental	1,904,565	-	51,332	1,955,897
Charges for services	1,973,117	-	69,660	2,042,777
Fines and forfeitures	1,986,474	-	40,052	2,026,526
Miscellaneous	254,630	8,058	5,895	268,583
Interest income	672,890	90,422	141,601	904,913
Total revenues	33,967,003	98,480	2,701,122	36,766,605
<u>EXPENDITURES</u>				
General government	5,494,900	-	-	5,494,900
Public safety	16,560,749	3,470,655	-	20,031,404
Highways and public improvements	3,587,048	1,679,812	-	5,266,860
Parks, recreation, and public property	5,962,693	-	-	5,962,693
Library	-	-	2,250,636	2,250,636
Community and economic development	-	-	31,523	31,523
Redevelopment	-	-	739,417	739,417
Municipal building authority	-	-	5,866	5,866
Debt service:				
Principal	1,232,714	-	72,286	1,305,000
Interest and administrative charges	409,202	-	105,805	515,007
Total expenditures	33,247,306	5,150,467	3,205,533	41,603,306
Excess (deficiency) of revenues over (under) expenditures	719,697	(5,051,987)	(504,411)	(4,836,701)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	2,872,704	5,936,000	-	8,808,704
Transfers out	(5,936,000)	-	(60,000)	(5,996,000)
Sale of capital assets	184,457	-	-	184,457
Total other financing sources (uses)	(2,878,839)	5,936,000	(60,000)	2,997,161
Net change in fund balance	(2,159,142)	884,013	(564,411)	(1,839,540)
Fund balance at beginning of year	11,156,670	2,372,123	2,663,679	16,192,472
Fund balance at end of year	\$ 8,997,528	\$ 3,256,136	\$ 2,099,268	\$ 14,352,932

The accompanying notes are an integral part of this financial statement.

MURRAY CITY CORPORATION, UTAH
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of
Governmental Funds To the Statement of Activities
For the Year Ended June 30, 2008

Amounts reported for governmental activities in the statement of activities (page 20)
are different because:

Net change in fund balances - total governmental funds (page 23)	\$ (1,839,540)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and capital contributions exceeded depreciation in the current period.	4,410,826
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(132,424)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,496,970
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(49,648)
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The net revenue of certain activities of the Internal Service Funds are reported with governmental activities	(20,352)
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Change in net assets of governmental activities (page 20)	<u>\$ 3,865,832</u>
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The accompanying notes are an integral part of this financial statement.

MURRAY CITY CORPORATION, UTAH
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – General Fund
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes:				
General property taxes	\$ 6,310,000	\$ 6,310,000	\$ 6,582,444	\$ 272,444
General sales and use taxes	15,455,000	15,455,000	15,460,405	5,405
Franchise taxes	3,172,000	3,172,000	3,503,368	331,368
Total taxes	24,937,000	24,937,000	25,546,217	609,217
Licenses and permits				
Business licenses	630,000	630,000	622,343	(7,657)
Alcoholic beverage licenses	2,000	2,000	400	(1,600)
Other licenses	16,000	16,000	21,861	5,861
Permits	836,000	836,000	984,506	148,506
Total licenses and permits	1,484,000	1,484,000	1,629,110	145,110
Intergovernmental				
Class C road allotment	1,430,000	1,430,000	1,555,813	125,813
State liquor allotment	70,000	70,000	41,972	(28,028)
F.E.M.A. grant	4,000	4,000	12,947	8,947
Local law enforcement grant	118,000	118,000	95,569	(22,431)
Victim advocate & violence against women grants	56,000	56,000	37,064	(18,936)
Salt Lake County grant	19,000	19,000	86,200	67,200
ZAP tax grant	60,000	75,000	75,000	-
Total intergovernmental	1,757,000	1,772,000	1,904,565	132,565
Charges for services				
Parks and recreation	1,119,000	1,119,000	1,100,581	(18,419)
Special police services and paramedic	725,000	725,000	340,284	(384,716)
Heritage center	135,000	135,000	172,955	37,955
Cemetery lots and services	231,000	231,000	248,377	17,377
Other services	104,000	104,000	110,920	6,920
Total charges for services	2,314,000	2,314,000	1,973,117	(340,883)
Miscellaneous				
Fines and forfeitures	2,386,000	2,386,000	1,986,474	(399,526)
Interest income	351,000	351,000	672,890	321,890
Miscellaneous	252,000	4,319,000	254,630	(4,064,370)
Total miscellaneous	2,989,000	7,056,000	2,913,994	(4,142,006)
Total revenues	33,481,000	37,563,000	33,967,003	(3,595,997)

(Continued)

MURRAY CITY CORPORATION, UTAH
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – General Fund (Continued)
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>EXPENDITURES</u>				
General government:				
Legislative	\$ 307,800	\$ 307,800	\$ 289,212	\$ 18,588
Justice court	1,746,200	1,746,200	1,586,626	159,574
Mayor	452,400	452,400	434,868	17,532
Finance	109,700	124,200	126,969	(2,769)
Treasurer	2,700	2,700	(4,422)	7,122
Recorder and business licensing	372,900	352,900	321,229	31,671
Legal	411,200	411,200	401,922	9,278
Planning and zoning	583,100	603,100	617,071	(13,971)
Nodepartmental	606,400	694,400	577,279	117,121
Government building	296,400	296,400	288,559	7,841
Personnel	289,600	325,100	323,419	1,681
Data processing	474,800	474,800	388,722	86,078
Telecommunications	65,600	65,600	68,519	(2,919)
Community development	88,100	88,100	74,927	13,173
Total general government	5,806,900	5,944,900	5,494,900	450,000
Public safety:				
Police department	9,888,900	9,888,900	9,883,874	5,026
Fire department	6,919,500	6,919,500	5,888,273	1,031,227
Building inspection	826,500	826,500	788,602	37,898
Total public safety	17,634,900	17,634,900	16,560,749	1,074,151
Highways and public improvements				
Engineering	877,300	877,300	955,179	(77,879)
Streets and highways	1,752,800	1,752,800	1,577,449	175,351
Class C road	830,000	830,000	510,009	319,991
Road construction	410,000	410,000	412,579	(2,579)
Shops and garages	263,800	263,800	131,832	131,968
Total highways and public improvements	4,133,900	4,133,900	3,587,048	546,852
Parks, recreation, and public property				
Parks	4,223,000	4,288,000	3,217,758	1,070,242
Organized recreation	2,269,500	2,362,500	2,387,480	(24,980)
Cemetery	401,800	401,800	357,455	44,345
Total parks, recreation, and public property	6,894,300	7,052,300	5,962,693	1,089,607
Debt service:				
Principal	570,000	570,000	1,232,714	(662,714)
Interest	30,000	30,000	409,202	(379,202)
Total debt service	600,000	600,000	1,641,916	(1,041,916)
Total expenditures	35,070,000	35,366,000	33,247,306	2,118,694
<u>OTHER FINANCING SOURCES (USES)</u>				
Sale of capital assets	323,000	323,000	184,457	(138,543)
Transfers in	2,737,000	2,737,000	2,872,704	135,704
Transfers out	(1,490,000)	(5,592,000)	(5,936,000)	(344,000)
Net other financing sources (uses)	1,570,000	(2,532,000)	(2,878,839)	(346,839)
Net change in fund balance	(19,000)	(335,000)	(2,159,142)	(1,824,142)
Fund balance at beginning of year	11,156,670	11,156,670	11,156,670	-
Fund balance at end of year	\$ 11,137,670	\$ 10,821,670	\$ 8,997,528	\$ (1,824,142)

The accompanying notes are an integral part of this financial statement.

MURRAY CITY CORPORATION, UTAH
Statement of Net Assets – Proprietary Funds
June 30, 2008

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Water Fund	Waste Water Fund	Power Fund	Storm Water Fund	Non-Major Enterprise Funds	Total	
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 6,072,079	\$ 2,233,314	\$ 238,076	\$ 527,525	\$ 821,263	\$ 9,892,257	\$ 855,346
Receivables:							
Accounts	744,436	361,353	3,722,786	126,357	39,519	4,994,451	-
Other	264	-	107,456	-	-	107,720	-
Due from other funds	-	480	-	-	-	480	-
Due from other governments	-	111,150	-	-	-	111,150	-
Inventories	-	-	1,893,596	-	70,900	1,964,496	54,493
Total current assets	6,816,779	2,706,297	5,961,914	653,882	931,682	17,070,554	909,839
Noncurrent assets:							
Restricted cash	-	-	2,426,351	-	-	2,426,351	-
Capital assets:							
Land	1,714,666	178,487	1,630,272	-	326,336	3,849,761	-
Buildings	904,024	949,132	3,334,985	-	797,534	5,985,675	-
Improvements other than buildings	20,877,244	7,833,261	81,229,154	30,053,567	3,895,006	143,888,232	-
Machinery and equipment	2,208,825	1,253,333	15,637,542	772,257	690,635	20,562,592	138,176
Furniture and fixtures	244,515	102,762	930,307	-	6,434	1,284,018	-
Construction in progress	494,688	803,988	176,185	-	-	1,474,861	-
Accumulated depreciation	(11,272,986)	(4,558,170)	(53,128,878)	(18,279,905)	(4,159,765)	(91,399,704)	(82,454)
Net capital assets	15,170,976	6,562,793	49,809,567	12,545,919	1,556,180	85,645,435	55,722
Other assets:							
Unamortized bond issuance costs	18,040	10,783	938,763	-	-	967,586	-
Prepaid generation and transmission fees	-	-	2,151,489	-	-	2,151,489	-
Investment in joint ventures	-	3,195,752	-	-	-	3,195,752	-
Total other assets	18,040	3,206,535	3,090,252	-	-	6,314,827	-
Total noncurrent assets	15,189,016	9,769,328	55,326,170	12,545,919	1,556,180	94,386,613	55,722
Total assets	\$ 22,005,795	\$ 12,475,625	\$ 61,288,084	\$ 13,199,801	\$ 2,487,862	\$ 111,457,167	\$ 965,561

(Continued)

MURRAY CITY CORPORATION, UTAH
Statement of Net Assets – Proprietary Funds (Continued)
June 30, 2008

	Business-type Activities - Enterprise Funds						Governmental
	Water Fund	Waste Water Fund	Power Fund	Storm Water Fund	Non-Major Enterprise Funds	Total	Activities - Internal Service Funds
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 24,937	\$ 636,634	\$ 4,054,031	\$ 30,357	\$ 11,091	\$ 4,757,050	\$ 17,743
Accrued liabilities	59,162	20,999	388,823	17,377	62,075	548,436	211,177
Due to other funds	480	-	-	-	-	480	100,000
Long-term debt, current, net	400,253	173,950	1,709,671	104,863	179,154	2,567,891	-
Accrued interest payable	53,555	32,012	86,763	3,364	2,023	177,717	-
Total current liabilities	538,387	863,595	6,239,288	155,961	254,343	8,051,574	328,920
Noncurrent liabilities:							
Deposits	-	-	1,423,685	-	-	1,423,685	-
Compensated absences	23,942	6,240	56,196	5,113	8,885	100,376	34,037
Long-term debt	-	-	-	199,351	119,892	319,243	-
Revenue bonds payable, due after one year, net	4,327,976	2,587,024	23,072,979	-	-	29,987,979	-
Total noncurrent liabilities	4,351,918	2,593,264	24,552,860	204,464	128,777	31,831,283	34,037
Total liabilities	4,890,305	3,456,859	30,792,148	360,425	383,120	39,882,857	362,957
NET ASSETS							
Invested in capital assets, net of related debt	10,442,747	3,801,819	25,026,917	12,441,056	1,556,180	53,268,719	55,721
Unrestricted	6,672,743	5,216,947	5,469,019	398,320	548,562	18,305,591	546,882
Total net assets	17,115,490	9,018,766	30,495,936	12,839,376	2,104,742	71,574,310	602,603
Total liabilities and net assets	\$ 22,005,795	\$ 12,475,625	\$ 61,288,084	\$ 13,199,801	\$ 2,487,862	\$ 111,457,167	\$ 965,561

The accompanying notes are an integral part of this financial statement.

MURRAY CITY CORPORATION, UTAH
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds
For the Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds						Governmental
	Water	Waste Water	Power	Storm Water	Non-Major	Total	Activities
	Fund	Fund	Fund	Fund	Enterprise		Internal
					Funds		Service Funds
OPERATING REVENUES							
Sales and charges for services	\$ 4,993,881	\$ 3,290,734	\$ 31,662,362	\$ 1,412,160	\$ 1,499,673	\$ 42,858,810	\$ 311,773
Connection and servicing fees	36,177	28,055	223,221	-	-	287,453	-
Green fees	-	-	-	-	870,501	870,501	-
Other	11,941	9,864	950,459	88,442	5,631	1,066,337	-
Total operating revenues	5,041,999	3,328,653	32,836,042	1,500,602	2,375,805	45,083,101	311,773
OPERATING EXPENSES							
Production or purchase of power	-	-	20,805,863	-	-	20,805,863	-
Transmission, distribution, and maintenance	1,514,203	773,866	19,128	500,744	-	2,807,941	-
Administration and general	1,011,282	454,005	5,962,828	42,752	620,203	8,091,070	-
Depreciation and amortization	787,983	301,244	3,409,053	774,024	182,162	5,454,466	5,314
Operations and maintenance	-	1,083,217	4,140,586	47,668	946,477	6,217,948	364,763
Jordan River parkway	-	-	-	-	490,154	490,154	-
Total operating expenses	3,313,468	2,612,332	34,337,458	1,365,188	2,238,996	43,867,442	370,077
Operating income (loss)	1,728,531	716,321	(1,501,416)	135,414	136,809	1,215,659	(58,304)
NON-OPERATING							
REVENUES (EXPENSES)							
Interest income	267,376	91,121	384,904	2,510	14,057	759,968	37,952
Interest expense	(207,145)	(133,520)	(1,059,724)	(16,489)	(9,917)	(1,426,795)	-
Impact fees	552,101	402,170	870,536	6,981	-	1,831,788	-
Loss in joint venture	-	(283,291)	-	-	-	(283,291)	-
Gain/(loss) on disposal of assets	-	-	579,174	-	-	579,174	-
Total nonoperating revenues (expenses)	612,332	76,480	774,890	(6,998)	4,140	1,460,844	37,952
Income (loss) before transfers	2,340,863	792,801	(726,526)	128,416	140,949	2,676,503	(20,352)
Transfers Out	(529,562)	(326,132)	(1,820,004)	(114,996)	(22,010)	(2,812,704)	-
Change in net assets	1,811,301	466,669	(2,546,530)	13,420	118,939	(136,201)	(20,352)
Total net assets, beginning - as restated	15,304,189	8,552,097	33,042,466	12,825,956	1,985,803	71,710,511	622,956
Total net assets - ending	\$ 17,115,490	\$ 9,018,766	\$ 30,495,936	\$ 12,839,376	\$ 2,104,742	\$ 71,574,310	\$ 602,604

The accompanying notes are an integral part of this financial statement.

MURRAY CITY CORPORATION, UTAH
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Water Fund	Waste Water Fund	Power Fund	Storm Water Fund	Non-Major Enterprise Funds	Total	
Cash flows from operating activities							
Receipts from customers and users	\$ 5,121,720	\$ 3,300,132	\$ 33,184,667	\$ 1,499,653	\$ 2,378,650	\$ 45,484,822	\$ 311,773
Payments to suppliers	(1,892,763)	(1,324,474)	(24,569,545)	(610,204)	(1,527,722)	(29,924,708)	(6,658)
Payments to employees	(976,574)	(459,455)	(5,955,465)	(29,891)	(619,961)	(8,041,346)	(331,921)
Investments in joint ventures	-	(239,920)	-	-	-	(239,920)	-
Net cash provided by operating activities	2,252,383	1,276,283	2,659,657	859,558	230,967	7,278,848	(26,806)
Cash flows from noncapital financing activities							
Transfers to other funds	(529,562)	(326,132)	(1,820,004)	(114,996)	(22,010)	(2,812,704)	-
Advances from (to) other funds	(480)	480	-	-	-	-	-
Net cash provided by (used in) noncapital financing activities	(530,042)	(325,652)	(1,820,004)	(114,996)	(22,010)	(2,812,704)	-
Cash flows from capital and related financing activities							
Acquisition of property, plant, and equipment	(1,001,699)	(856,213)	(3,036,453)	(680,662)	(133,541)	(5,708,568)	-
Proceeds from sale of assets	19,156	-	600,649	-	-	619,805	-
Impact fees	552,101	402,170	870,536	6,981	-	1,831,788	-
Proceeds from issuance of debt	-	-	-	262,846	158,078	420,924	-
Principal paid on capital debt	(203,406)	(121,594)	(1,213,237)	(317,058)	(257,209)	(2,112,504)	-
Interest paid on capital debt	(205,425)	(132,492)	(1,064,914)	(21,412)	(12,878)	(1,437,121)	-
Net cash provided by (used in) capital and related financing activities	(839,273)	(708,129)	(3,843,419)	(749,305)	(245,550)	(6,385,676)	-
Cash flows from investing activities							
Interest and dividends received	267,376	91,121	384,904	2,510	14,057	759,968	37,952
Net cash provided by investing activities	267,376	91,121	384,904	2,510	14,057	759,968	37,952
Net increase (decrease) in cash and cash equivalents	1,150,444	333,623	(2,618,862)	(2,233)	(22,536)	(1,159,564)	11,146
Cash and cash equivalents, beginning of year	4,921,635	1,899,691	5,283,289	529,758	843,799	13,478,172	844,200
Cash and cash equivalents, end of year	\$ 6,072,079	\$ 2,233,314	\$ 2,664,427	\$ 527,525	\$ 821,263	\$ 12,318,608	\$ 855,346
Unrestricted cash	6,072,079	2,233,314	238,076	527,525	821,263	9,892,257	855,346
Restricted cash	-	-	2,426,351	-	-	2,426,351	-
Total Cash	\$ 6,072,079	\$ 2,233,314	\$ 2,664,427	\$ 527,525	\$ 821,263	\$ 12,318,608	\$ 855,346

(Continued)

MURRAY CITY CORPORATION, UTAH
Statement of Cash Flows – Proprietary Funds (Continued)
For the Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Water Fund	Waste Water Fund	Power Fund	Storm Water Fund	Non-Major Enterprise Funds	Total	
Reconciliation of operating income to net cash provided by operating activities							
Operating income (loss)	\$ 1,728,531	\$ 716,321	\$ (1,501,416)	\$ 135,414	\$ 136,809	\$ 1,215,659	\$ (58,304)
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation and amortization	787,983	301,244	3,409,053	774,024	182,162	5,454,466	5,314
Investments in joint ventures	-	(239,920)	-	-	-	(239,920)	-
Changes in assets and liabilities:							
Accounts receivable	78,965	(28,521)	378,361	(949)	2,845	430,701	-
Other receivables	756	-	(83,769)	-	-	(83,013)	-
Inventories	-	-	(34,505)	-	797	(33,708)	15,505
Accounts payable	(378,560)	532,609	331,025	(61,792)	(91,888)	331,394	8,201
Accrued liabilities	16,498	2,062	(13,603)	3,228	7,179	15,364	1,146
Compensated absences	18,210	(7,512)	20,966	9,633	(6,937)	34,360	1,332
Customer deposits	-	-	153,545	-	-	153,545	-
Net cash provided by operating activities	\$ 2,252,383	\$ 1,276,283	\$ 2,659,657	\$ 859,558	\$ 230,967	\$ 7,278,848	\$ (26,806)

The accompanying notes are an integral part of this financial statement.

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MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements
June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The basic financial statements of Murray City Corporation (the City) have been prepared in conformity with accounting principles (GAAP) generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

The City of Murray was incorporated November 25, 1902. The City operates under a strong Mayor Council form of government. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). The component units discussed below are included as part of the City's reporting entity as blended component units.

The Redevelopment Agency of Murray City (RDA) was established in 1976 to prepare and carry out plans to improve, rehabilitate and redevelop blighted areas within the City. The RDA is governed by a board of trustees composed of the City Mayor and members of the Municipal Council. Although it is a legally separate entity from the City, the RDA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the RDA. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund. Separate financial statements are not issued for the RDA.

The Municipal Building Authority of Murray City Corporation (MBA) was established to finance and construct municipal buildings that are then leased to the City. The MBA is governed by a five-member board of trustees composed of the Municipal Council. Although it is a legally separate entity from the City, the MBA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the MBA. The MBA is included in these financial statements as the Municipal Building Authority Special Revenue Fund. Separate financial statements are not issued for the MBA.

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Sales taxes, use taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 45 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.
- The Capital Projects Fund accounts for the activities of the City's various construction projects and capital improvements for governmental activities.

The City reports the following major proprietary funds:

- The Power Fund accounts for the activities of the City's electrical production and distribution operations.
- The Water Fund accounts for the activities of the City's water production, treatment and distribution operations.
- The Wastewater Fund accounts for the operation and maintenance of the City's sewer collection system and sewage treatment.
- The Storm Water Fund accounts for the activities of the City's storm water drainage system.

Additionally, the City reports the following fund types:

Internal Service funds to account for the self-insurance activities of the various funds throughout the City and to account for the costs of operating a maintenance facility for vehicles and equipment owned by the City.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for the providing of administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds includes the cost of sales and services. Operating expenses for enterprise funds includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities, and Net Assets or Equity

Cash, Deposits and Investments Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. City policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The State Treasurer's Investment Fund operates in accordance with state laws and regulations. The reported value of the Fund is the same as the fair value of the Fund shares.

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less when purchased meet this definition.

Receivables and Payables Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to or due from other funds". In the Power, Water, Wastewater, Storm Water, and Solid Waste Management funds, the City records utility revenues billed to customers when meters are read on a monthly basis. Unbilled service accounts receivable at June 30, 2008 were estimated based on July billings and are included in the operating revenues and accounts receivable at year-end.

Inventories and Prepaid Items Inventories of materials and supplies in the proprietary funds, consisting principally of materials used in the repair of the transmission, distribution, collection and treatment systems, are valued at cost and accounted for on a first-in, first-out basis (FIFO). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Assets or Equity (Continued)

Capital Assets Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Buildings	10 to 40 years
Infrastructure	20 to 50 years
Improvements other than buildings	4 to 10 years
Machinery and equipment	5 to 30 years
Furniture and fixtures	5 to 10 years
Water and sewer lines	33 years

Compensated Absences For governmental funds amounts of vested or accumulated vacation leave and comp time that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net assets and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation leave and comp time of proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate sick leave without limitation. Accumulated sick leave is paid to employees upon retirement, with a limitation of 25 percent of accumulated hours. Employees that are terminated for reasons other than retirement are not paid for accumulated sick leave. Historically, compensated absences are paid by the individual funds as they become due.

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Assets or Equity (Continued)

Long-Term Obligations In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Restricted Assets Restricted assets are comprised of cash restricted for future payments of principal and interest on debt service as well as unexpended portions of bonds issued for capital construction purposes.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital related items:

When capital assets (property, plant and equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets is reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 124,667,386
Investment in joint venture	1,643,680
Accumulated depreciation	<u>(55,145,878)</u>
Total difference	<u>\$ 71,165,188</u>

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets (Continued)

Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net assets. Balances at June 30, 2008 were:

Sales tax revenue bonds	\$ 11,015,000
Excise tax revenue bonds	795,000
Bond issuance premium	151,064
Capital lease	372,999
Interest payable on long-term debt	64,548
Compensated absences	<u>2,233,911</u>
Total difference	<u><u>\$ 14,632,522</u></u>

Explanation of Certain Differences Between Governmental Fund Operating Statements and the Statement of Net Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Capital outlay	\$ 7,707,914
Depreciation expense	<u>(3,297,088)</u>
Net difference, as reported	<u><u>\$ 4,410,826</u></u>

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information Prior to May 1, the Mayor submits to the Municipal Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the proposed sources of revenues.

Between May 1 and June 20, the Municipal Council reviews and adjusts the Mayor's proposed budget. On or before June 20, a public hearing is held and the budget is legally adopted through passage of a resolution.

After the budget is adopted, the Finance Director may transfer any unencumbered or unexpended appropriation amount from one expenditure account to another within a department. The Municipal Council may, by resolution, transfer any unencumbered or unexpended appropriation amount from one department in a fund to another department within the same fund.

When the Municipal Council determines that an emergency exists, such as widespread damage from fire, flood, or earthquake the Municipal Council may increase the budget of the General Fund by resolution or a public hearing.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Projects Fund. In the General Fund, budgets are adopted at the functional level and budgetary control is exercised at the departmental level. For Special Revenue Funds, budgets are adopted and control is exercised at the level of total expenditures for each individual fund.

Annual budgets for the General Fund, all Special Revenue Funds (Municipal Building Authority Fund, Library Fund, Redevelopment Agency Fund, Community Development Fund and Economic Development Fund), and the Capital Projects Fund were legally adopted by the City and are prepared on the modified-accrual method of accounting.

Encumbrances (commitments related to unperformed purchase orders or contracts for goods or services) are used only as an internal management control device during the year. The City does not have any encumbrances outstanding at year end since appropriations lapse at year end. However, encumbered amounts are generally re-appropriated and honored as part of the following year's budget.

Although Utah State law requires the initial preparation of budgets for all City funds (both governmental and proprietary), it only requires the reporting of actual versus such budgets for governmental funds.

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Tax Revenues

Property taxes are collected by the Salt Lake County Treasurer and remitted to the City in two to three installments in November, December, and January of each fiscal year and a final settlement by March 31st. Taxes are levied and are due and payable on November 1st and delinquent after November 30th of each year at which time they become liens if not paid. An accrual of delinquent current and prior year's property taxes beyond that which was received within 45 days after fiscal year end has not been made, as the amounts are not deemed to be material. An accrual for current year property taxes estimated to be collected the following November and December is made each year.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. An accrual has been made for all taxes received by the State for the period ended June 30th and thus due and payable to the City.

Franchise taxes are charged to various utility companies doing business with the City including telephone, cable television, gas utility, and electric utility companies. The fees are remitted on a monthly, quarterly, semi-annual, or annual basis. An accrual has not been made for fees due and payable to the City at June 30th as the amounts are not deemed to be material.

4. DETAILED NOTES FOR ALL FUNDS

Deficit Fund Equity and Excess Expenditures Over Appropriations

The Central Garage Internal Service Fund has a deficit balance in net assets of \$52,486 at June 30, 2008. This deficit will be eliminated by increased charges for services in future years.

The Library Fund has a deficit fund balance of \$375,240 at June 30, 2008. It is planned that this deficit will be eliminated by making appropriate revenue and expenditure adjustments over the next three years.

Deposits and Investments

Utah State law establishes the rules and regulations for deposits and investments and is known as the Utah Money Management Act. The Act established the Money Management Council that promulgates additional rules and determines which financial institutions may qualify to hold deposits and investments for state and local entities. The City has complied with the Utah Money Management Act and rules of the Money Management Council with regard to deposits and investments.

As of June 30, 2008, the City's demand deposits and cash on hand amounted to \$2,591,339.

As of June 30, 2008, the City had investments in the Utah Public Treasurer's Investment Fund of \$25,809,776. The fund is not rated and the weighted average maturity was less than 90 days.

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Deposits and Investments (Continued)

Custodial Credit Risk - Deposits. This is the risk that in the event of a bank failure, the City's deposits may not be returned. As of June 30, 2008, \$2,502,890 of the City's \$2,602,890 bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized. The Utah Money Management Act does not require deposits to be insured or collateralized and the City has no formal policy regarding deposit credit risk. The Act requires that the City keep deposits in a qualified depository, which the City has done.

Custodial Credit Risk - Investments. This is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City has no formal policy regarding custodial credit risk for investments. Money invested in the Utah Public Treasurer's Investment Fund is pooled with many other state and local entities, and is managed by the Utah State Treasurer. The Fund is not categorized as to custodial credit risk.

Interest rate credit risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss from changes in interest rates is to follow the Utah Money Management Act and only invest in instruments that mature in one year or less. Investments within the Public Treasurer's Investment Fund have a weighted average maturity of less than ninety days.

Credit risk is the risk that an issuer will not fulfill its obligations. The City policy is consistent with and complies with the Utah State Money Management Act. Investment is limited to U.S. Treasuries, U.S. Government Agency instruments, Utah Public Treasurer's Investment Fund, and other instruments that are rated A or higher by Standard & Poor's or Moody's. The City only invested in the Utah Public Treasurer's Investment Fund and U.S. Treasury securities during the year.

Concentration of Credit Risk. City policy requires diversification and limits the amount that may be invested in the same company. First, the City may not invest more than 20% of its idle funds outside of the Utah Public Treasurer's Investment Fund. Second, not more than 10% of the total portfolio may be invested in a single company's credit instruments. The Utah Public Treasurer's Investment Fund is highly diversified and must comply with various rules of the Utah State Money Management Act and Money Management Council.

The deposits and investments described above are included on the government-wide statement of net assets as follows:

Cash and cash equivalents	\$ 24,703,350
Restricted cash	3,697,765
	<u>\$ 28,401,115</u>

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Deposits

Enterprise fund deposits are deposits the City requires from residential renters and any business receiving a utility connection. The deposit is refundable after 2 years for residential and business customers upon satisfactory payment history.

Receivables

Receivables as of year end for the City's individual major funds and nonmajor and internal service funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Water	Waste Water	Power	Storm Water	Nonmajor Funds	Total
Taxes	\$ 5,567,645	\$ -	\$ -	\$ -	\$ -	\$ 1,350,832	\$ 6,918,477
Accounts and other	427,895	752,464	367,029	3,932,119	126,522	39,519	5,645,548
Special assessments	50,596	-	-	-	-	-	50,596
Intergovernmental	3,026,978	-	111,150	-	-	35,326	3,173,454
Gross receivables	9,073,114	752,464	478,179	3,932,119	126,522	1,425,677	15,788,075
Less: allowance for uncollectibles	-	(7,764)	(5,676)	(101,877)	(165)	-	(115,482)
Net total receivables	<u>\$ 9,073,114</u>	<u>\$ 744,700</u>	<u>\$ 472,503</u>	<u>\$ 3,830,242</u>	<u>\$ 126,357</u>	<u>\$ 1,425,677</u>	<u>\$ 15,672,593</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the government funds were as follows:

	Unavailable	Unearned
Notes receivable (General Fund)	\$ 1,966,650	\$ -
Sales taxes receivable (General Fund)	1,346,469	-
Property tax receivable (General Fund)	5,477,748	-
Property tax receivable (Library Fund)	1,328,989	-
Various prepayments received (General Fund)	-	145,574
Total deferred/unearned revenue for governmental funds	<u>\$10,119,856</u>	<u>\$ 145,574</u>

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Notes Receivable

General Fund notes receivable includes a \$1,966,650 third party promissory note for the sale of property known as the Sports Mall. The note has an interest rate of nine percent with monthly principal and interest payments of \$26,796. Under the note, the City will receive monthly installment payments through May 15, 2017 at which time all unpaid principal and interest become due.

Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>07/01/07</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/08</u>
<u>Governmental activities</u>				
Capital assets, not depreciated:				
Land	\$ 10,509,532	\$ 750	\$ -	\$ 10,510,282
Construction in progress	208,323	2,121,473	-	2,329,796
Total capital assets, not depreciated	10,717,855	2,122,223	-	12,840,078
Capital assets, depreciated:				
Buildings	24,050,713	2,679,205	-	26,729,918
Improvements other than buildings	15,214,834	562,192	-	15,777,026
Infrastructure	55,916,430	1,425,226	-	57,341,656
Machinery and equipment	11,205,472	812,178	(2,150,486)	9,867,164
Furniture and fixtures	2,433,150	106,890	(428,496)	2,111,544
Total capital assets, depreciated	108,820,599	5,585,691	(2,578,982)	111,827,308
Accumulated depreciation:				
Buildings	(7,394,254)	(603,229)	-	(7,997,483)
Improvements other than buildings	(8,454,026)	(716,283)	-	(9,170,309)
Infrastructure	(28,719,247)	(1,086,477)	-	(29,805,724)
Machinery and equipment	(7,903,639)	(698,679)	2,131,227	(6,471,091)
Furniture and fixtures	(1,932,032)	(197,735)	428,496	(1,701,271)
Total accumulated depreciation	(54,403,198)	(3,302,403)	2,559,723	(55,145,878)
Total capital assets, depreciated (net)	54,417,401	2,283,288	(19,259)	56,681,430
Net governmental capital assets	\$ 65,135,256	\$ 4,405,511	\$ (19,259)	\$ 69,521,508

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets (Continued)

	<u>07/01/07</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/08</u>
<u>Business-type activities</u>				
Capital assets, not depreciated:				
Land	\$ 3,849,761	\$ -	\$ -	\$ 3,849,761
Construction in progress	270,329	1,425,111	(220,579)	1,474,861
Total capital assets, not depreciated	4,120,090	1,425,111	(220,579)	5,324,622
Capital assets, depreciated:				
Buildings	5,985,675	-	-	5,985,675
Improvements other than buildings	140,817,191	3,640,773	(569,732)	143,888,232
Machinery and equipment	19,641,435	1,270,722	(349,565)	20,562,592
Furniture and fixtures	1,269,297	14,721	-	1,284,018
Total capital assets, depreciated	167,713,598	4,926,216	(919,297)	171,720,517
Accumulated depreciation:				
Buildings	(3,854,281)	(157,083)	-	(4,011,364)
Improvements other than buildings	(70,436,564)	(4,100,690)	350,000	(74,187,254)
Machinery and equipment	(11,035,009)	(994,723)	177,389	(11,852,343)
Furniture and fixtures	(1,146,773)	(201,970)	-	(1,348,743)
Total accumulated depreciation	(86,472,627)	(5,454,466)	527,389	(91,399,704)
Total capital assets, depreciated (net)	81,240,971	(528,250)	(391,908)	80,320,813
Net business-type capital assets	\$ 85,361,061	\$ 896,861	\$ (612,487)	\$ 85,645,435

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

In the government-wide financial statements depreciation was charged as follows by program or activity:

Governmental activities:

General government	\$ 396,043
Public safety	758,014
Highways and public improvements	1,387,084
Parks, recreation, and public property	737,482
Library	23,780

Total depreciation expense - governmental activities	\$ 3,302,403
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Business-type activities:

Water	\$ 787,983
Waste Water	301,244
Storm Water	774,024
Power	3,409,053
Murray Parkway Recreation	182,162

Total depreciation expense - business-type activities	\$ 5,454,466
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Interfund Receivable, Payables and Transfers

At June 30, 2008, interfund balances due to or from other funds was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Library	\$ 750,000
General	Central Garage	100,000
General	Community Development	13,500
Waste Water	Water	480
		\$ 863,980

Interfund advances are generally for working capital requirements and are generally expected to be repaid in the next fiscal year. During the year ended June 30, 2008, the General Fund advanced the Library Fund \$750,000 for a building remodel project. This amount will be repaid over a six year period, with annual payments to include interest at a rate of 4.77%.

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

In addition to the above amounts which will be repaid by the respective funds, transfers were made which will not be repaid. Such amounts for the fiscal year ended June 30, 2008 were as follows:

<u>Fund Transferring Out</u>	<u>Fund Receiving Transfer</u>	<u>Amount</u>
Water	General	\$ 575,698
Waste Water	General	279,996
Storm Water	General	114,996
Power	General	1,820,004
Murray Parkway Recreation	General	22,010
Cemetery Perpetual Care	General	60,000
General	Capital Projects	5,936,000
		<u>\$ 8,808,704</u>

The majority of transfers were to governmental funds for administrative services they provide to other funds, and for capital expenditures in governmental funds that benefit the City.

Investments in Joint Ventures

The City is a participant in several joint ventures listed below that generate financial resources through member assessments, surcharge taxes, or user fees. The City reflects its equity position (in the net resources of the joint ventures) in the funds which have the rights to such resources.

Trans-Jordan Cities The City has an approximate 8.8% ownership share in the Trans-Jordan Cities (the Association) joint enterprise. The City's equity in the net resources of the Association at June 30, 2008, is reported in the government-wide statement of net assets. The Association was organized in 1968 as a joint enterprise fund of the Cities of Sandy, Midvale, West Jordan, and Murray, Utah. The City of South Jordan, Utah joined the Association during fiscal year 1997. The cities of Draper and Riverton, Utah joined the Association during fiscal year 1998. The primary purpose of the Association is the operation, maintenance and control of a refuse dumping site east of Bingham Canyon in Salt Lake County. The City has no firm commitments to make additional equity investments in Trans-Jordan Cities.

The Association is governed by its Board of Directors. Under the organization agreement, the Board of Directors is composed of the Mayors, or their appointed representatives, of the participating cities. The Board of Directors appoints the management and staff of the Association and approves all financial matters such as the operating budget and usage fees.

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Investments in Joint Ventures (Continued)

Separate audited financial statements for Trans-Jordan Cities may be obtained from Trans-Jordan Cities, Accounting Department at 10873 South 7200 West, South Jordan, UT 84095.

Central Valley Water Reclamation Facility The Waste Water Fund (an enterprise fund) has an approximate 5.7% ownership in the Central Valley Water Reclamation Facility (the Facility). The Facility, a separate legal entity and political subdivision of the State of Utah, was formed pursuant to the Utah Interlocal Co-operation Act. The Facility's membership consists of five special-purpose government entities and two cities. The Facility was formed to plan, construct and operate a regional sewage treatment facility for the benefit of the seven members. Members of the Facility are required to pay their proportionate share of monthly operating costs, construction costs and maintenance and administrative costs. The Facility is governed by its Board of Directors. Under the Organization Agreement, all seven members (one of whom is the City), are entitled to designate one of the Facility's seven directors. The City's share of operating, maintenance, administrative expenses and debt service amounted to \$1,083,217 in 2008. The Waste Water Fund made a net contribution of \$239,920 to the Facility in 2008 and recorded a \$283,291 loss on joint venture resulting in a net decrease in its investment in the Facility of \$43,371.

During 2005, the Facility issued \$30,500,000 of revenue bonds of a total of \$35,000,000 authorized. The City's share of the total obligation will be \$3,462,000 when all bonds are issued. The City is required to fund its proportionate share of debt service each year, which is included in the City's assessment from the Facility.

Separate compiled financial statements for Central Valley Water Reclamation Facility may be obtained from the Central Valley Water Reclamation Facility Accounting Department at 800 West Central Valley Road, Salt Lake City, UT 84119.

Interlocal Agreements

Utah Associated Municipal Power System (UAMPS) The Power Department is a member of the Utah Associated Municipal Power Systems (UAMPS). UAMPS, a joint action agency and political subdivision of the State of Utah, was formed by an Organization Agreement dated November 6, 1980, pursuant to the provisions of the Utah Interlocal Co-operation Act. UAMPS' membership consists of 34 municipalities, one joint action agency, one electric service district and one water conservancy district.

UAMPS is a legally separate entity, which possesses the ability to establish its own budget, incur debt, sue and be sued, and own and lease property. No other governmental units in Utah exercise significant control over UAMPS. As such, UAMPS is not a component unit as defined by the Governmental Accounting Standards Board in their Statement No. 14, "The Financial Reporting Entity".

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Interlocal Agreements (Continued)

UAMPS' purposes include planning, financing, developing, acquiring, constructing, improving, bettering, operating and maintaining of projects, or ownership interests or capacity rights therein, for the generation, transmission and distribution of electric energy for the benefit of its members.

As a member of UAMPS, the City has participated in various individual projects. The City acquired for \$45,662 an approximate five percent interest in the Hunter II power plant project. During the year ended June 30, 1990, the City acquired an approximate five percent entitlement in UAMPS' share of a transmission service project from Craig, Colorado to Mona, Utah (the Craig-Mona project) for \$1,805,428. The City acquired an additional 1.6 mega watts of plant capacity in the San Juan Generating Station Unit 4 for \$1,953,599 during 1994. These entitlement payments represent prepayment of future generation fees for the projects and are being amortized over the lives of the service contracts. The unamortized balance of prepaid generation and transmission fees at June 30, 2008 is \$2,151,489.

Under various power sales contracts, UAMPS' members are required to pay their proportionate share of all operation and maintenance expenses and debt service on the revenue bonds issued by UAMPS, and any other energy-related costs, as defined in the contract regardless of whether any power is supplied to the Power Fund. The City has no firm commitments to make additional equity investments in UAMPS or in any specified projects of AMPS.

Under the organization agreement, the four members with the greatest financial obligations to UAMPS, one of which is the City, are each entitled to designate one of UAMPS' directors. All other directors are selected from the representatives of the remaining UAMPS members.

Separate financial statements for UAMPS may be obtained from the Manager of Finance at 2825 East Cottonwood Parkway, Suite #200, Salt Lake City, UT 84121.

Valley Emergency Communications Center The City is a member of the Valley Emergency Communications Center (the Center). The Center was organized June 30, 1988, as a joint enterprise between the City, Midvale City, Salt Lake County, Sandy City, South Jordan City, West Jordan City and West Valley City. The primary purpose of the Center is to fund and operate a communications center which handles communications and other services for the members, including police, fire, 911 service, dispatch and records services.

The Center is governed by a Board of Trustees consisting of one representative from each member appointed by the governing body thereof. The Center's activities are funded by a surcharge tax on telephones within each member's city and member assessments. The Board of Trustees sets assessments for all member agencies in amounts sufficient to provide the funds required by the annual budget. The Center determines the 911 assessments for the telephone users within the members' jurisdictions.

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Valley Emergency Communications Center (Continued) Separate audited financial statements for Valley Emergency Communications Center may be obtained from the Finance Director at 5360 South 5885 West, West Valley City, UT 84118.

DEA - Metro Task Force The City is a member and lead agency of the Drug Enforcement Administration (DEA) Metro Task Force (the Task Force). The Task Force is an interlocal co-operative organized to investigate and prosecute controlled substance offenders in the Salt Lake metropolitan area. The membership of the Task Force consists of sixteen Federal, State, County and Municipal law enforcement agencies. Activities of the Task Force are funded through federal and state grants, with no funds being provided by the participating members.

Separate audited financial statements for DEA-Metro Task Force may be obtained from Murray City Corporation, Office of Finance and Administration, 5025 South State Street, Murray, UT 84157-0520.

Capital Leases

The City has entered into lease agreements, as lessee, for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through capital leases are as follows:

	<u>Original Principal</u>	<u>Interest Rates</u>
Pierce fire truck	\$398,258	3.474%
Phone system	359,883	3.474%
Garbage truck	154,883	3.474%
Vacuum truck and golf carts	420,925	3.264%

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008 were as follows:

<u>June 30,</u>	<u>Totals</u>
2009	\$ 309,708
2010	309,708
2011	113,436
2012	113,436
Total minimum lease payments	846,288
Less: interest portion	(52,366)
Present value of minimum lease payments	793,922
Amount due within one year	(284,996)
Amount due after one year	\$ 508,926

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Revenue Bonds

The City has issued bonds where the revenues and assets of the issuing fund are pledged as security for the bonds.

Under an agreement between the City and the Redevelopment Agency, the Redevelopment Agency will make all principal and interest payments on the Series 2002 sales tax bonds. Revenue bonds outstanding at June 30, 2008 by issue are as follows (in thousands):

Bond Description	Original Issue	Annual Principal	Interest Rate	Final Due Date	Amount
Electric Series 2001	\$ 20,000	\$570 to \$1,540	4.00% to 5.75%	6/1/2014	\$ 5,750
Sales Tax Series 2002	1,865	\$20 to \$285	4.88%	4/1/2015	1,735
Excise Tax Series 2003	3,000	\$210 to \$585	2.00% to 3.00%	9/1/2009	795
Water/Sewer Series 2003	8,500	\$305 to \$2,340	2.00% to 5.25%	10/1/2023	7,245
Electric Series 2004	9,300	\$305 to \$685	3.00% to 5.25%	6/1/2025	8,325
Electric Series 2006	9,700	\$15 to \$1,500	4.00% to 5.00%	6/1/2021	9,685
Sales Tax Series 2007	9,990	\$710 to \$875	3.875% to 5.000%	12/1/2020	9,280
	<u>\$ 62,355</u>				<u>\$ 42,815</u>

Revenue bond debt service requirements to maturity are as follows: (in thousands)

	Principal	Interest	Totals
2009	\$ 3,125	\$ 2,334	\$ 5,459
2010	2,865	2,214	5,079
2011	2,750	2,099	4,849
2012	2,865	1,982	4,847
2013	2,985	1,857	4,842
2014 - 2018	14,220	5,450	19,670
2019 -2023	12,035	1,811	13,846
2024 -2025	1,970	118	2,088
	<u>\$ 42,815</u>	<u>\$ 17,865</u>	<u>\$ 60,680</u>

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2008 was as follows (in thousands):

	07/01/07	Increases	Decreases	06/30/08	Due in One Year
<u>Governmental activities</u>					
Bonds payable:					
Sales tax	\$ 11,750	\$ -	\$ (735)	\$ 11,015	\$ 955
Excise tax	1,365	-	(570)	795	585
Total bonds payable	13,115	-	(1,305)	11,810	1,540
Capital leases	550	-	(177)	373	183
Compensated absences	2,302	2,010	(2,078)	2,234	2,055
Bond issuance premium	165	-	(14)	151	-
Governmental activities, long-term liabilities	<u>\$ 16,132</u>	<u>\$ 2,010</u>	<u>\$ (3,574)</u>	<u>\$ 14,568</u>	<u>\$ 3,778</u>
<u>Business-type activities</u>					
Revenue bonds payable	\$ 32,505	\$ -	\$ (1,500)	\$ 31,005	\$ 1,585
Capital leases	508	-	(87)	421	102
Long-term debt	136	-	(67)	69	69
Compensated absences	878	840	(806)	912	812
Business-type activities, long-term liabilities	<u>\$ 34,027</u>	<u>\$ 840</u>	<u>\$ (2,460)</u>	<u>\$ 32,407</u>	<u>\$ 2,568</u>

The Electric Series 2001 Revenue bonds trust indenture specifies a net revenue to debt service coverage ratio the Power Fund is required to maintain. The Power Fund met the debt service coverage requirement at June 30, 2008.

The following is a schedule of bonds that were issued by the City and later refunded because lower interest rates were available:

Bond Description	Original Issue	Unpaid Balance June 30, 2008	Final Date of Maturity	Refunding Bonds
Electric Series 2001	\$9,215,000	\$ 9,215,000	6/1/2011	Electric Series 2006
MBA Series 1997	6,890,000	-	12/1/2007	Sales Tax Series 2007
MBA Series 2001	9,790,000	7,990,000	12/1/2011	Sales Tax Series 2007

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Other Information

Risk Management The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's Retained Risk Reserve Fund (an internal service fund) accounts for and accumulates resources for uninsured loss. Under this program, the Retained Risk Reserve Fund (the Fund) provides coverage for up to a maximum of \$250,000 for each general liability claim. The City purchases commercial insurance for claims in excess of coverage provided by the Fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Contingent Liabilities Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City is a participant of the Intermountain Power Agency (IPA), a separate legal entity established under the guidelines of the Utah Interlocal Co-operation Act. The IPA operates a power production plant near Delta, Utah for the benefit of its members. IPA has approximately \$5.1 billion of revenue bonds that are paid from the revenues received from participant charges. Under the terms of its original contract with IPA, the City is entitled and obligated to purchase four percent of the plant's power output. However, under a subsequent excess power sales agreement, the City transferred its power entitlement to certain California purchasers for the duration of the project unless the City recalls any or all of the entitlement. In recent years, the City sold most of its entitlement to the California purchasers. The City is liable for operating expenses and repayment of the outstanding bonds only in the event of a prolonged power outage (in excess of 24 months) and/or failure to perform under the agreement on the part of each of the California participants.

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Commitments

The City entered into a Pledge and Loan Agreement with the Utah Telecommunications Open Infrastructure Agency (UTOPIA). UTOPIA is an interlocal cooperative created to finance, construct and operate a system of fiber optic communication lines in various cities in the state. UTOPIA would lease use of the fiber optic system to retail vendors of telephone, video and other digital services. The pledge commits the City to set aside and deposit funds as security in a debt service fund for the portion of the project related to the City. The maximum amount committed by the City was \$1,431,877 for the year ended June 30, 2008, with a 2% increase per year through 2040. Sales and use tax revenues have been pledged towards the payment of the City's share of the debt service reserve fund requirement; however, the pledge is junior to any previously pledged sales and use tax revenue. On July 1, 2007, the City was required to deposit \$1,235,039 into the UTOPIA Series 2004 Bond Debt Service Reserve Fund. These funds will remain on deposit until the sooner of the bonds being retired or 33 years from June 2, 2008. The City may, if additional bonds are issued, be required to deposit additional funds into a bond debt service reserve fund. The timing of these additional pledged deposits depends on the timing of additional bond issues.

Conduit Debt Obligations From time to time, the City has issued Industrial Revenue Bonds (IRBs) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City and the State, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2008, there have been ten series of Industrial Revenue Bonds issued. The aggregate principal amount payable could not be determined; however, their original issue amounts totaled \$97.0 million.

Redevelopment Agency In connection with the activities of the Redevelopment Agency (RDA), incremental tax revenues totaling \$795,838 were generated. Of this amount, the RDA was required to pay \$435,721 to the Murray School District. There is no outstanding debt of the RDA at June 30, 2008, however, the RDA has agreed to make payments on the Series 2002 sales tax bonds.

During the year ended June 30, 2008, funds expended by the RDA were limited to the categories of debt service, capital outlay and administration costs. Administrative costs totaled \$739,417, capital outlay costs totaled \$-0-, and debt service payments \$110,806 totaled for the year.

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Employee Retirement Systems and Pension Plans The City contributes to the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Public Safety Retirement System for Employers with Social Security Coverage, and the Fire Fighters Retirement System for Employers without Social Security Coverage, (hereafter referred to cumulatively as the Systems) which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS). The Systems provide retirement benefits, annual cost of living adjustments, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. URS issues a publicly available financial report that includes financial statements and required supplementary information for the Systems.

A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer for the employee) to the respective systems to which they belong; 6.00% to the Local Government Contributory Retirement System, 12.29% to the Public Safety Retirement System for employers with Social Security coverage, and 12.76% to the Firefighters Retirement System, respectively. The City is required to contribute a percent of members' annual covered salary to the respective systems; 7.61% to the Local Government Contributory Retirement System (11.62% to the related Noncontributory Retirement System), 11.22% to the Public Safety Retirement System for employers with Social Security coverage (22.61% to the related Noncontributory Retirement System) and 12.76% to the Firefighters Retirement System. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Funding Policy (Continued) The City's contributions in dollars to each of the Systems for the years ending June 30, 2008, 2007 and 2006, were equal to the required contributions for each year. The contribution amounts are as follows:

	2008	2007	2006
Local Governmental Contributory Retirement System	\$ 144,742	\$ 159,886	\$ 152,536
Local Governmental Noncontributory Retirement System	1,502,454	1,526,993	1,372,067
Public Safety Retirement System for Employers with Social Security Coverage	856,686	833,241	659,370
Firefighters Retirement System	356,393	307,922	221,296

Deferred Compensation Plan Under the URS, the City offers its employees a Deferred Compensation Plan (the Plan) in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The payment of deferred compensation is not available to employees until termination, retirement, death, or emergency. The City discontinued contributions to this plan in 2003.

Defined Contribution Plans The 401(k) plan provided by URS is a multiple-employer defined contribution plan. All employees of the City who participate in the URS contributory, noncontributory, or fire fighters system are eligible to participate in the plan. Employees are immediately 100 percent vested in their contributions to the plan. Employee contributions to the 401(k) plan and the Deferred Compensation Plan are voluntary. Employer contributions are also voluntary and are intended to standardize the contribution rates for all full time employees participating in the URS. The City's contributions to the 401(k) plan were \$746,174, \$766,861, and \$690,021 for the years ended June 30, 2008, 2007 and 2006, respectively.

In addition to the URS plans, the City also participates in a 401 (a) plan provided by International City Management Association, a multiple-employer defined contribution plan. Only elected or appointed employees of the City are eligible to participate in this plan. Employees are fully vested upon contribution to the plan. Currently, there are three employees who participate in the plan. The City contributes to the plan on behalf of the employee. Employees are not eligible to make contributions. The contribution requirement for the year ended June 30, 2008 was \$57,573.

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2008

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Defined Contribution Plans (Continued) In addition to the pension benefits described above, the City provides post-retirement health care benefits in accordance with City policy, to all employees who retire from the City upon completing the requirements for the retirement plan participated in as detailed above. Currently there are 24 retirees who meet those requirements. The City pays 50% of the retirees' health care insurance premiums for the first 18 months with the remaining 50% paid by the retirees on a pay-as-you-go basis. After 18 months, the City pays 20% to 30% of the premium, depending on the retiree's years of service. This post employment benefit is available until the retiree reaches the age of 65 at which time they are no longer eligible to participate. Terminated employees under the COBRA act are allowed to purchase the same insurance policy at their own expense for a period of 18 months. The City paid \$86,638 in premiums for retirees during the fiscal year ended June 30, 2008.

The GASB has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions", which established accounting standards for reporting other post employment benefits (OPEB). Statement 45, which will be effective for the City for the year ended June 30, 2009, will require the City to measure and disclose an amount for annual OPEB cost on the accrual basis of accounting.

Prior Period Adjustment

The City had recorded costs totaling \$994,290 at June 30, 2007 as construction in progress. During the current year, management determined these costs should not have been capitalized and recorded an entry to write these costs off. The effect of this prior period adjustment was to reduce net assets of the Power Fund and of Business Activities by \$994,290 at June 30, 2007.

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MURRAY CITY CORPORATION, UTAH
Combining Balance Sheet – Non-major Governmental Funds
June 30, 2008

	Special Revenue				Permanent		Total
	Municipal Building Authority	Library Fund	Redevelopment Agency	Community Development Fund	Economic Development Fund	Cemetery Perpetual Care Fund	Nonmajor Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 321	\$ 849,233	\$ 1,141,573	\$ 202	\$ 3,874	\$ 1,292,675	\$ 3,287,878
Receivables:							
Due from other governments	-	-	-	35,326	-	-	35,326
Property taxes	-	1,350,832	-	-	-	-	1,350,832
Restricted cash	-	36,375	-	-	-	-	36,375
Land held for resale	-	-	20,000	-	-	-	20,000
Total assets	\$ 321	\$ 2,236,440	\$ 1,161,573	\$ 35,528	\$ 3,874	\$ 1,292,675	\$ 4,730,411
LIABILITIES							
Accounts payable	\$ -	\$ 499,642	\$ 55	-	\$ -	\$ -	\$ 499,697
Accrued liabilities	-	33,049	5,908	-	-	-	38,957
Deferred revenue	-	1,328,989	-	-	-	-	1,328,989
Due to other funds	-	750,000	-	13,500	-	-	763,500
Total liabilities	-	2,611,680	5,963	13,500	-	-	2,631,143
FUND BALANCE							
Reserved for:							
Land held for resale	-	-	20,000	-	-	-	20,000
Working capital	-	36,375	-	-	-	-	36,375
Cemetery perpetual care	-	-	-	-	-	520,000	520,000
Unreserved:							
Undesignated	321	(411,615)	1,135,610	22,028	3,874	772,675	1,522,893
Total fund balance	321	(375,240)	1,155,610	22,028	3,874	1,292,675	2,099,268
Total liabilities and fund balances	\$ 321	\$ 2,236,440	\$ 1,161,573	\$ 35,528	\$ 3,874	\$ 1,292,675	\$ 4,730,411

MURRAY CITY CORPORATION, UTAH
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-major Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue					Permanent	Total
	Municipal Building Authority	Library Fund	Redevelopment Agency	Community Development Fund	Economic Development Fund	Cemetery Perpetual Care Fund	Nonmajor Governmental Funds
<u>REVENUES</u>							
Taxes	\$ -	\$ 1,596,744	\$ 795,838	\$ -	\$ -	\$ -	\$ 2,392,582
Intergovernmental	-	16,006	-	35,326	-	-	51,332
Perpetual care fees	-	-	-	-	-	69,660	69,660
Fines and forfeitures	-	40,052	-	-	-	-	40,052
Interest	4,059	21,515	60,622	-	-	55,405	141,601
Miscellaneous	-	5,895	-	-	-	-	5,895
Total revenues	4,059	1,680,212	856,460	35,326	-	125,065	2,701,122
<u>EXPENDITURES</u>							
Municipal building authority	5,866	-	-	-	-	-	5,866
Library	-	2,250,636	-	-	-	-	2,250,636
Redevelopment	-	-	739,417	-	-	-	739,417
Community & economic development	-	-	-	31,523	-	-	31,523
Debt service:							
Principal	-	47,286	25,000	-	-	-	72,286
Interest	(2)	20,001	85,806	-	-	-	105,805
Total expenditures	5,864	2,317,923	850,223	31,523	-	-	3,205,533
Excess (deficiency) of revenues over (under) expenditures	(1,805)	(637,711)	6,237	3,803	-	125,065	(504,411)
<u>OTHER FINANCING USES</u>							
Transfers out	-	-	-	-	-	(60,000)	(60,000)
Total other financing uses	-	-	-	-	-	(60,000)	(60,000)
Net change in fund balance	(1,805)	(637,711)	6,237	3,803	-	65,065	(564,411)
Fund balance, beginning of year	2,126	262,471	1,149,373	18,225	3,874	1,227,610	2,663,679
Fund balance, end of year	\$ 321	\$ (375,240)	\$ 1,155,610	\$ 22,028	\$ 3,874	\$ 1,292,675	\$ 2,099,268

MURRAY CITY CORPORATION, UTAH
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Municipal Building Authority – Budget to Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Rental income	\$ -	\$ -	\$ -	\$ -
Interest income	1,000	1,000	4,059	3,059
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>4,059</u>	<u>3,059</u>
<u>EXPENDITURES</u>				
Miscellaneous	-	-	5,866	(5,866)
Debt service				
Principal	-	-	-	-
Interest and administrative charges	33,000	33,000	(2)	33,002
Total expenditures	<u>33,000</u>	<u>33,000</u>	<u>5,864</u>	<u>27,136</u>
Net change in fund balance	<u>\$ (32,000)</u>	<u>\$ (32,000)</u>	(1,805)	<u>\$ 30,195</u>
Fund balance at beginning of year			<u>2,126</u>	
Fund balance at end of year			<u>\$ 321</u>	

MURRAY CITY CORPORATION, UTAH
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Library Fund – Budget to Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes	\$ 1,590,000	\$ 1,590,000	\$ 1,596,744	\$ 6,744
Intergovernmental	15,000	15,000	16,006	1,006
Fines and forfeitures	36,000	36,000	40,052	4,052
Interest income	24,000	24,000	21,515	(2,485)
Miscellaneous	755,000	755,000	5,895	(749,105)
Total revenues	2,420,000	2,420,000	1,680,212	(739,788)
<u>EXPENDITURES</u>				
Salaries and wages	989,200	989,200	856,911	132,289
Building, equipment, and repairs and maintenance	280,200	280,200	284,853	(4,653)
Books and periodicals	191,000	191,000	206,889	(15,889)
Capital outlay	68,600	68,600	1,224	67,376
Miscellaneous	761,000	761,000	900,759	(139,759)
Debt service				
Principal	100,000	100,000	47,286	52,714
Interest and administrative charges	30,000	30,000	20,001	9,999
Total expenditures	2,420,000	2,420,000	2,317,923	102,077
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(637,711)	<u>\$ (637,711)</u>
Fund balance at beginning of year			262,471	
Fund balance at end of year			\$ (375,240)	

MURRAY CITY CORPORATION, UTAH
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Redevelopment Agency Fund – Budget to Actual
For the Year Ended June 30, 2008

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Taxes	\$ 840,000	\$ 840,000	\$ 795,838	\$ (44,162)
Interest income	39,000	39,000	60,622	21,622
Total revenues	879,000	879,000	856,460	(22,540)
<u>EXPENDITURES</u>				
Professional services	472,900	207,900	216,430	(8,530)
Salaries and wages	113,400	113,400	82,080	31,320
Miscellaneous	182,700	447,700	440,907	6,793
Debt service:				
Principal	25,000	25,000	25,000	-
Interest and administrative charges	86,000	86,000	85,806	194
Total expenditures	880,000	880,000	850,223	29,777
Net change in fund balance	<u>\$ (1,000)</u>	<u>\$ (1,000)</u>	6,237	<u>\$ 7,237</u>
Fund balance at beginning of year			1,149,373	
Fund balance at end of year			\$ 1,155,610	

MURRAY CITY CORPORATION, UTAH
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Community Development Fund – Budget to Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ 272,800	\$ 272,800	\$ 35,326	\$ (237,474)
Total revenues	<u>272,800</u>	<u>272,800</u>	<u>35,326</u>	<u>(237,474)</u>
<u>EXPENDITURES</u>				
Miscellaneous	<u>272,800</u>	<u>272,800</u>	<u>31,523</u>	<u>241,277</u>
Total expenditures	<u>272,800</u>	<u>272,800</u>	<u>31,523</u>	<u>241,277</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,803</u>	<u>\$ 3,803</u>
Fund balance at beginning of year			<u>18,225</u>	
Fund balance at end of year			<u>\$ 22,028</u>	

MURRAY CITY CORPORATION, UTAH
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Economic Development Fund – Budget to Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Other revenue	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<u>EXPENDITURES</u>				
Miscellaneous			-	-
Total expenditures	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance at beginning of year			<u>3,874</u>	
Fund balance at end of year			<u>\$ 3,874</u>	

MURRAY CITY CORPORATION, UTAH
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Capital Projects (Major Fund) – Budget to Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<u>REVENUES</u>				
Interest income	\$ 63,000	\$ 63,000	\$ 90,422	\$ 27,422
Miscellaneous income	-	-	8,058	8,058
Total revenues	63,000	63,000	98,480	35,480
<u>EXPENDITURES</u>				
Public safety	4,063,000	6,335,000	3,470,655	2,864,345
Highways and public improvements	2,117,000	2,117,000	1,679,812	437,188
Total expenditures	6,180,000	8,452,000	5,150,467	3,301,533
Excess (deficiency) of revenues over (under) expenditures	(6,117,000)	(8,389,000)	(5,051,987)	(3,266,053)
<u>OTHER FINANCING SOURCES</u>				
Transfers in	6,117,000	8,389,000	5,936,000	(2,453,000)
Total other financing sources	6,117,000	8,389,000	5,936,000	(2,453,000)
Net change in fund balance	\$ -	\$ -	884,013	\$ 884,013
Fund balance at beginning of year			2,372,123	
Fund balance at end of year			\$ 3,256,136	

MURRAY CITY CORPORATION, UTAH
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Cemetery Perpetual Care Fund – Budget to Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Perpetual care fees	\$ 60,000	\$ 60,000	\$ 69,660	\$ 9,660
Interest income	60,000	60,000	55,405	(4,595)
Total revenues	120,000	120,000	125,065	5,065
<u>EXPENDITURES</u>				
Miscellaneous	31,523	-	-	-
Total expenditures	31,523	-	-	-
Excess (deficiency) of revenues over (under) expenditures	88,477	120,000	125,065	5,065
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	(60,000)	(60,000)	(60,000)	-
Total other financing sources (uses)	(60,000)	(60,000)	(60,000)	-
Net change in fund balance	\$ 28,477	\$ 60,000	65,065	\$ 5,065
Fund balance at beginning of year			<u>1,227,610</u>	
Fund balance at end of year			<u>\$ 1,292,675</u>	

MURRAY CITY CORPORATION, UTAH
Statement of Net Assets – Internal Service Funds
June 30, 2008

	Central Garage Fund	Retained Risk Reserve Fund	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 256	\$ 855,090	\$ 855,346
Inventories	54,493	-	54,493
Total current assets	54,749	855,090	909,839
Noncurrent assets:			
Capital assets:			
Machinery and equipment	138,176	-	138,176
Less: accumulated depreciation	(82,454)	-	(82,454)
Total noncurrent assets	55,722	-	55,722
Total assets	\$ 110,471	\$ 855,090	\$ 965,561
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	17,743	-	\$ 17,743
Accrued liabilities	11,177	200,000	211,177
Due to other funds	100,000	-	100,000
Total current liabilities	128,920	200,000	328,920
Noncurrent liabilities:			
Compensated absences	34,037	-	34,037
Total noncurrent liabilities	34,037	-	34,037
Total liabilities	162,957	200,000	362,957
<u>NET ASSETS</u>			
Invested in capital assets	55,722	-	55,722
Unrestricted	(108,208)	655,090	546,882
Total net assets	(52,486)	655,090	602,604
Total liabilities and net assets	\$ 110,471	\$ 855,090	\$ 965,561

MURRAY CITY CORPORATION, UTAH
Statement of Revenues, Expenditures, and Changes in Fund Net Assets –
Internal Service Funds
For the Year Ended June 30, 2008

	Central Garage Fund	Retained Risk Reserve Fund	Total
<u>OPERATING REVENUES</u>			
Charges for services	\$ 311,773	\$ -	\$ 311,773
Total operating revenues	<u>311,773</u>	<u>-</u>	<u>311,773</u>
<u>OPERATING EXPENSES</u>			
Depreciation and amortization	5,314	-	5,314
Garage	358,105	-	358,105
Self insurance claims	-	6,658	6,658
Total operating expenses	<u>363,419</u>	<u>6,658</u>	<u>370,077</u>
Operating income	(51,646)	(6,658)	(58,304)
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest income	-	37,952	37,952
Change in net assets	(51,646)	31,294	(20,352)
Total net assets - beginning	<u>(840)</u>	<u>623,796</u>	<u>622,956</u>
Total net assets - ending	<u>\$ (52,486)</u>	<u>\$ 655,090</u>	<u>\$ 602,604</u>

MURRAY CITY CORPORATION, UTAH
Statement of Cash Flows – Internal Service Funds
For the Year Ended June 30, 2008

	Central Garage Fund	Retained Risk Reserve Fund	Total
Cash flows from operating activities			
Receipts from customers and users	\$ 311,773	\$ -	\$ 311,773
Payments to suppliers	-	(6,658)	(6,658)
Payments to employees	(331,921)	-	(331,921)
Net cash provided (used) by by operating activities	(20,148)	(6,658)	(26,806)
Cash flows from noncapital financing activities			
Interest and dividends received	-	37,952	37,952
Net cash provided by noncapital financing activities	-	37,952	37,952
Net cash provided by capital and related financing activities	-	-	-
Net cash provided by investing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	(20,148)	31,294	11,146
Cash and cash equivalents, beginning of year	20,404	823,796	844,200
Cash and cash equivalents, end of year	\$ 256	\$ 855,090	\$ 855,346
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ (51,646)	\$ (6,658)	\$ (58,304)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	5,314	-	5,314
Changes in assets and liabilities:			
Inventories	15,505	-	15,505
Accounts payable	8,201	-	8,201
Accrued liabilities	1,146	-	1,146
Compensated absences	1,332	-	1,332
Net cash provided (used) by by operating activities	\$ (20,148)	\$ (6,658)	\$ (26,806)

MURRAY CITY CORPORATION, UTAH
Combining Statement of Net Assets – Non-Major Proprietary Funds
June 30, 2008

	<u>Enterprise Funds</u>		
	<u>Murray Parkway Recreation Fund</u>	<u>Solid Waste Management Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 355,376	\$ 465,887	\$ 821,263
Receivables:			
Accounts	-	39,519	39,519
Inventories	70,900	-	70,900
Total current assets	426,276	505,406	931,682
Noncurrent assets:			
Capital assets:			
Land	326,336	-	326,336
Buildings	797,534	-	797,534
Improvements other than buildings	3,895,006	-	3,895,006
Machinery and equipment	690,635	-	690,635
Furniture and fixtures	6,434	-	6,434
Accumulated depreciation	(4,159,765)	-	(4,159,765)
Net capital assets	1,556,180	-	1,556,180
Total assets	<u>\$ 1,982,456</u>	<u>\$ 505,406</u>	<u>\$ 2,487,862</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	7,466	3,625	\$ 11,091
Accrued liabilities	62,075	-	62,075
Accrued interest payable	2,023	-	2,023
Long-term debt, current portion, net	110,064	69,090	179,154
Total current liabilities	181,628	72,715	254,343
Noncurrent liabilities:			
Compensated absences	8,885	-	8,885
Long-term debt	119,892	-	119,892
Total noncurrent liabilities	128,777	-	128,777
Total liabilities	<u>310,405</u>	<u>72,715</u>	<u>383,120</u>
<u>NET ASSETS</u>			
Invested in capital assets, net			
of related debt	1,556,180	-	1,556,180
Unrestricted	115,871	432,691	548,562
Total net assets	<u>1,672,051</u>	<u>432,691</u>	<u>2,104,742</u>
Total liabilities and net assets	<u>\$ 1,982,456</u>	<u>\$ 505,406</u>	<u>\$ 2,487,862</u>

MURRAY CITY CORPORATION, UTAH
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets –
Non-Major Proprietary Funds
For the Year Ended June 30, 2008

	Enterprise Funds		
	Murray Parkway Recreation Fund	Solid Waste Management Fund	Total
<u>OPERATING REVENUES</u>			
Sales and charges for services	\$ 665,706	\$ 833,967	\$ 1,499,673
Green fees	870,501	-	870,501
Other	5,631	-	5,631
Total operating revenues	1,541,838	833,967	2,375,805
<u>OPERATING EXPENSES</u>			
Administration and general	620,203	-	620,203
Depreciation and amortization	182,162	-	182,162
Operations and maintenance	235,683	710,794	946,477
Jordan River parkway	490,154	-	490,154
Total operating expenses	1,528,202	710,794	2,238,996
Operating income	13,636	123,173	136,809
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest income	11,979	2,078	14,057
Interest expense	(9,917)	-	(9,917)
Total nonoperating revenues (expenses)	2,062	2,078	4,140
Income before transfers	15,698	125,251	140,949
Transfers Out	(22,010)	-	(22,010)
Change in net assets	(6,312)	125,251	118,939
Total net assets - beginning	1,678,363	307,440	1,985,803
Total net assets - ending	\$ 1,672,051	\$ 432,691	\$ 2,104,742

MURRAY CITY CORPORATION, UTAH
Combining Statement of Cash Flows – Non-Major Proprietary Funds
For the Year Ended June 30, 2008

	<u>Enterprise Funds</u>		
	<u>Murray Parkway Recreation Fund</u>	<u>Solid Waste Management Fund</u>	<u>Total</u>
Cash flows from operating activities			
Receipts from customers and users	\$ 1,541,838	\$ 836,812	\$ 2,378,650
Payments to suppliers	(763,968)	(763,754)	(1,527,722)
Payments to employees	(619,961)	-	(619,961)
Net cash provided by operating activities	<u>157,909</u>	<u>73,058</u>	<u>230,967</u>
Cash flows from noncapital financing activities			
Advances from (to) other funds	(22,010)	-	(22,010)
Net cash provided by (used in) noncapital financing activities	<u>(22,010)</u>	<u>-</u>	<u>(22,010)</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	(133,541)	-	(133,541)
Proceeds from issuance of debt, net	158,078	-	158,078
Interest paid on capital debt	(12,878)	-	(12,878)
Principal paid on debt	(190,681)	(66,528)	(257,209)
Net cash provided by (used in) capital and related financing activities	<u>(179,022)</u>	<u>(66,528)</u>	<u>(245,550)</u>
Cash flows from investing activities			
Interest and dividends received	11,979	2,078	14,057
Net cash provided by investing activities	<u>11,979</u>	<u>2,078</u>	<u>14,057</u>
Net increase (decrease) in cash and cash equivalents	(31,144)	8,608	(22,536)
Cash and cash equivalents, beginning of year	<u>386,520</u>	<u>457,279</u>	<u>843,799</u>
Cash and cash equivalents, end of year	<u>\$ 355,376</u>	<u>\$ 465,887</u>	<u>\$ 821,263</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 13,636	\$ 123,173	\$ 136,809
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	182,162	-	182,162
Changes in assets and liabilities:			
Accounts receivable	-	2,845	2,845
Inventories	797	-	797
Accounts payable	(38,928)	(52,960)	(91,888)
Accrued liabilities	7,179	-	7,179
Compensated absences	(6,937)	-	(6,937)
Net cash provided by operating activities	<u>\$ 157,909</u>	<u>\$ 73,058</u>	<u>\$ 230,967</u>

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Murray City Corporation, Utah

Statistical Section

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosure, and required supplementary information says about the government's overall financial health.

Contents

- Financial Trends—these schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.
- Revenue Capacity—these schedules contain information to help the reader assess the government's most significant local revenue source, the sales tax and the property tax.
- Debt Capacity—these schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.
- Demographic and Economic Information—these schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.
- Operating Information—these schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

MURRAY CITY CORPORATION

Schedule 1

Net Assets by Component

Last Seven Fiscal Years

(accrual basis of accounting)

	Fiscal Year						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities							
Invested in capital assets, net of related debt	\$22,869,807	\$28,770,223	\$28,343,192	\$29,541,665	\$52,274,868	\$52,908,117	\$52,902,803
Restricted	7,557,422	2,558,697	2,202,087	1,898,696	1,899,774	520,000	520,000
Unrestricted	12,289,215	13,450,927	15,688,858	18,077,438	20,642,104	18,270,359	22,141,505
Total governmental activities net assets	\$42,716,444	\$44,779,847	\$46,234,137	\$49,517,799	\$74,816,746	\$71,698,476	\$75,564,308
Business-type activities							
Invested in capital assets, net of related debt	\$49,286,673	\$53,545,182	\$49,573,548	\$39,193,479	\$42,286,323	\$56,426,684	\$56,464,471
Restricted	2,121,200	2,155,287	4,282,936	314,066	314,066	0	0
Unrestricted	4,610,149	2,102,157	3,188,789	18,453,040	16,911,220	16,278,747	15,109,839
Total business-type activities net assets	\$56,018,022	\$57,802,626	\$57,045,273	\$57,960,585	\$59,511,609	\$72,705,431	\$71,574,310
Primary Government							
Invested in capital assets, net of related debt	\$72,156,480	\$82,315,405	\$77,916,740	\$68,735,144	\$94,561,191	\$109,334,801	\$109,367,274
Restricted	9,678,622	4,713,984	6,485,023	2,212,762	2,213,840	520,000	520,000
Unrestricted	16,899,364	15,553,084	18,877,647	36,530,478	37,553,324	34,549,106	37,251,344
Total primary government net assets	\$98,734,466	\$102,582,473	\$103,279,410	\$107,478,384	\$134,328,355	\$144,403,907	\$147,138,618

Note: Information is not available for years prior to 2002 when the City implemented the GASB Statement 34 reporting model.

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MURRAY CITY CORPORATION

Schedule 2

Changes in Net Assets

Last Seven Fiscal Years

(accrual basis of accounting)

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental Activities							
General government	\$4,065,105	\$4,136,700	\$4,074,801	\$4,054,281	\$4,557,351	\$5,089,925	\$5,535,977
Public safety	12,416,912	12,392,322	13,214,002	13,877,094	14,387,079	15,758,002	15,989,552
Highways and public improvements	4,748,122	4,459,142	4,874,103	3,724,064	7,430,318	5,914,630	5,212,078
Parks, recreation and public property	3,348,204	2,907,748	5,563,445	6,083,456	6,556,539	6,705,421	6,297,459
Library	1,128,403	1,139,467	1,258,685	1,379,520	1,468,358	1,477,881	1,444,039
Community and economic development	2,225,452	385,434	525,528	684,436	606,982	433,737	776,806
Interest on long-term debt	652,990	781,567	764,187	774,296	708,588	427,264	488,505
Total governmental activities expenses	28,585,188	26,202,380	30,274,751	30,577,147	35,715,215	35,806,860	35,744,416
Business-type activities							
Power	37,517,554	30,596,620	30,183,419	30,428,215	32,394,213	33,585,345	35,397,182
Water	3,249,238	3,368,046	3,752,221	4,046,970	3,662,740	4,022,923	3,520,613
Wastewater	2,641,355	2,925,598	2,945,314	3,032,725	3,403,524	3,353,761	2,745,852
Golf course	1,961,230	1,570,162	1,448,381	1,469,321	1,397,843	1,729,276	1,538,119
Telecommunications/Storm Water in 2007	178,304	214,648	213,443	0	0	1,462,630	1,381,677
Solid waste	641,874	299,524	1,012,461	682,874	741,945	782,577	710,794
Total business-type activities expenses	46,189,555	38,974,598	39,555,239	39,660,105	41,600,265	44,936,512	45,294,237
Total primary government expenses	\$74,774,743	\$65,176,978	\$69,829,990	\$70,237,252	\$77,315,480	\$80,743,372	\$81,038,653
Program Revenues							
Governmental Activities							
Charges for services	\$5,836,058	\$5,552,891	\$6,135,776	\$7,711,241	\$5,948,885	\$6,474,169	\$5,698,413
Operating grants and contributions	184,101	210,603	307,046	369,624	456,718	555,443	364,758
Capital grants and contributions	1,615,985	1,740,930	1,612,653	1,365,688	1,491,235	14,892,624	1,591,139
Total governmental activities program revenues	7,636,144	7,504,424	8,055,475	9,446,553	7,896,838	21,922,236	7,654,310

	2002	2003	2004	2005	2006	2007	2008
Business-type activities							
Charges for services							
Power	\$29,418,522	\$32,331,530	\$29,040,954	\$28,963,206	\$29,904,184	\$33,378,621	\$33,706,578
Water	3,196,993	3,663,390	4,592,803	5,082,931	5,105,574	5,565,674	5,594,100
Wastewater	2,514,964	3,058,672	3,250,041	3,887,480	3,256,781	3,399,200	3,447,532
Golf course	1,492,402	1,584,819	1,346,824	1,344,921	1,474,959	1,591,986	1,541,838
Telecommunications/Storm water in 2007	0	0	24,076	272,002	278,100	1,521,977	1,507,583
Solid waste	299,003	307,520	798,893	813,042	807,430	829,573	833,967
Capital grants and contributions	785,901	81,570	0	0	0	0	0
Total business-type activities program revenues	37,707,785	41,027,501	39,053,591	40,363,582	40,827,028	46,287,031	46,631,598
Total primary government program revenues	\$45,343,929	\$48,531,925	\$47,109,066	\$49,810,135	\$48,723,866	\$68,209,267	\$54,285,908

Net (Expense)/Revenue							
Governmental Activities	(\$20,949,044)	(\$18,697,956)	(\$22,219,276)	(\$21,130,594)	(\$27,818,377)	(\$13,884,624)	(\$28,090,106)
Business-type activities	(8,481,770)	2,052,903	(501,648)	703,477	(773,237)	1,350,519	1,337,361
Total primary government net expense	(\$29,430,814)	(\$16,645,053)	(\$22,720,924)	(\$20,427,117)	(\$28,591,614)	(\$12,534,105)	(\$26,752,745)

General Revenues and Other Changes in Net Assets

Governmental activities							
Taxes							
Property taxes	\$5,090,708	\$5,707,438	\$7,115,502	\$6,801,198	\$8,516,510	\$8,783,986	\$8,975,026
Franchise taxes	747,943	2,025,047	2,140,507	2,933,072	3,172,563	3,480,723	3,503,368
General sales taxes and highway sales taxes	13,221,897	11,795,500	12,952,157	13,676,733	15,115,383	15,234,712	15,288,195
Interest income	651,301	448,815	433,704	463,925	726,690	1,068,574	942,865
Gain on sale and disposal of assets	(1,127,587)	134,127	87,909	126,981	115,434	109,197	165,197
Miscellaneous	297,722	205,432	492,487	203,347	202,229	324,666	268,583
Rent, transfers and miscellaneous	575,000	445,000	451,300	209,000	1,018,807	(10,780,982)	2,812,704
Total governmental activities	19,456,984	20,761,359	23,673,566	24,414,256	28,867,616	18,220,876	31,955,938

Business-type activities							
Interest income	423,041	176,701	195,595	369,377	784,971	830,878	759,968
Gain on sale and disposal of assets	0	0	0	51,458	2,558,097	199,226	579,174
Rent and transfers	(575,000)	(445,000)	(451,300)	(209,000)	(1,018,807)	10,813,199	(2,812,704)
Total business-type activities	(151,959)	(268,299)	(255,705)	211,835	2,324,261	11,843,303	(1,473,562)
Total primary government	\$19,305,025	\$20,493,060	\$23,417,861	\$24,626,091	\$31,191,877	\$30,064,179	\$30,482,376

Changes in Net Assets

Governmental Activities	(\$1,492,060)	\$2,063,403	\$1,454,290	\$3,283,662	\$1,049,239	\$4,336,252	\$3,865,832
Business-type activities	(8,633,729)	1,784,604	(757,353)	915,312	1,551,024	13,193,822	(136,201)
Total primary government	(\$10,125,789)	\$3,848,007	\$696,937	\$4,198,974	\$2,600,263	\$17,530,074	\$3,729,631

MURRAY CITY CORPORATION
Schedule 3
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund										
Reserved	\$72	\$76	\$79	\$600	\$184	\$1,580	\$1,745	\$1,280	\$3,065	\$3,035
Unreserved	3,595	3,901	4,143	5,873	4,145	4,032	6,233	7,781	8,092	5,962
Total General Fund	\$3,667	\$3,977	\$4,222	\$6,473	\$4,329	\$5,612	\$7,978	\$9,061	\$11,157	\$8,997
All other governmental funds										
Reserved	\$1,498	\$1,907	\$1,559	\$2,548	\$2,149	\$1,949	\$1,978	\$1,952	\$575	\$576
Unreserved, reported in										
Capital projects funds	52	106	168	176	102	614	197	8	2,372	3,256
Special revenue funds	1,296	892	2,027	3,145	1,324	1,108	1,420	1,564	2,089	1,523
Debt service funds	0	0	0	0	0	0	0	0	0	0
Total all other governmental funds	\$2,846	\$2,905	\$3,754	\$5,869	\$3,575	\$3,671	\$3,595	\$3,524	\$5,036	\$5,355

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Murray City Corporation
Schedule 4

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes and special assessments	\$18,411	\$19,475	\$20,090	\$21,505	\$20,228	\$22,837	\$24,845	\$25,247	\$27,644	\$27,939
Licenses and permits	857	1,035	902	802	1,052	1,025	2,235	1,449	1,659	1,629
Intergovernmental	1,530	1,408	3,826	2,081	1,952	1,920	1,736	1,948	2,099	1,956
Charges for services	749	967	962	1,202	1,365	1,586	1,776	1,985	2,122	2,043
Fines and forfeitures	348	682	1,068	1,475	1,842	2,150	2,384	2,300	2,477	2,026
Rents and concessions	772	747	772	757	747	1,060	1,326	1,314	1,297	0
Miscellaneous	283	321	354	298	205	492	203	202	325	269
Interest	648	598	723	651	439	434	464	727	1,026	905
Total revenues	23,598	25,233	28,697	28,771	27,830	31,504	34,969	35,172	38,649	36,767
Expenditures										
General government	2,978	3,038	3,203	2,536	4,069	4,302	4,566	5,105	5,407	5,212
Public safety	9,063	9,847	11,178	11,827	11,744	12,534	13,194	14,624	16,166	16,003
Highways and public improvements	2,981	3,308	3,590	4,330	4,321	4,243	3,274	5,734	3,186	2,707
Parks, recreation & public property	2,434	2,769	2,730	3,061	3,416	4,802	5,328	5,621	6,003	5,286
Library	897	969	1,080	1,230	1,242	1,362	1,514	1,540	1,549	1,582
Community & economic development	249	26	47	594	249	258	201	237	33	37
Redevelopment	228	268	319	163	135	267	477	369	400	598
Capital outlay	4,457	3,711	4,337	12,403	5,864	4,095	2,967	231	1,371	8,358
Debt service										
Principal	994	755	800	796	585	935	1,260	1,300	1,340	1,305
Interest	400	306	260	606	777	745	772	713	448	515
Bond issuance costs	0	0	0	207	0	0	0	0	159	0
Total expenditures	24,681	24,997	27,544	37,753	32,402	33,543	33,553	35,474	36,062	41,603
Excess of revenues over (under) expenditures	(1,083)	236	1,153	(8,982)	(4,572)	(2,039)	1,416	(302)	2,587	(4,836)

Other Financing Sources (Uses)										
Proceeds from borrowing	0	0	0	11,655	0	3,000	0	0	0	10,156
Payments to refunding bond escrow	0	0	0	0	0	0	0	0	0	(11,619)
Capital lease financing	0	0	0	0	0	0	733	180	0	0
Transfers in	215	215	200	1,180	560	25	245	1,576	5,195	8,809
Transfers out	(50)	(50)	(25)	(1,060)	(560)	(25)	(245)	(557)	(2,842)	(5,996)
Sale of capital assets	353	88	113	173	134	418	141	115	130	184
Total other financing sources (uses)	518	253	288	11,948	134	3,418	874	1,314	1,020	2,997
Net change in fund balances	(\$565)	\$489	\$1,441	\$2,966	(\$4,438)	\$1,379	\$2,290	\$1,012	\$3,607	(\$1,839)
Debt service as a percentage of noncapital expenditures	7.40%	5.25%	4.79%	5.91%	5.41%	6.05%	7.12%	6.06%	5.46%	5.79%

Murray City Corporation
Schedule 5
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ending June 30,	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
1999	1,808,983,965	1.20	2,230,000,000	81.3%
2000	1,879,439,211	1.23	2,320,000,000	81.0%
2001	1,995,381,842	1.36	2,460,000,000	81.1%
2002	2,140,558,277	1.54	2,820,000,000	75.9%
2003	2,240,713,841	1.49	2,870,000,000	78.1%
2004	2,646,945,401	1.51	3,578,000,000	74.0%
2005	2,759,982,137	1.50	3,720,000,000	74.2%
2006	2,862,401,216	1.45	3,863,000,000	74.1%
2007	3,288,381,528	1.77	4,420,000,000	74.4%
2008	3,866,773,720	1.52	5,225,000,000	74.0%

Source: Salt Lake County Auditor's Office

Note: All property in Salt Lake County is assessed annually. All property is assessed at its fair market value with a 45% reduction in fair market value allowed for primary residential property. Tax rates are per \$1,000 of assessed value.

Murray City Corporation
Schedule 5A
Power Fund Revenue Information

Note: Information on power revenue rates is located in the "Continuing Disclosure Section" under the Electric Revenue Bond Title.

Murray City Corporation
Schedule 6
Direct and Overlapping Property Tax Rates
Last Ten Fiscal years
(rate per \$1,000 of assessed value).

Fiscal Year	City Direct Rate	Overlapping Rates				
	Total Murray City Direct	Murray School District	Murray City Library	Salt Lake County	Mosquito Abatement District	Central Utah Water Conservation
1999	1.20	5.12	0.42	3.41	0.01	0.40
2000	1.23	5.20	0.43	3.87	0.01	0.40
2001	1.36	5.14	0.40	2.91	0.01	0.39
2002	1.54	5.88	0.39	2.03	0.01	0.40
2003	1.49	6.47	0.38	2.94	0.02	0.40
2004	1.51	6.51	0.38	2.87	0.03	0.36
2005	1.50	6.64	0.51	2.82	0.03	0.35
2006	1.45	6.53	0.49	2.68	0.03	0.40
2007	1.77	5.95	0.43	2.35	0.03	0.40
2008	1.52	5.09	0.37	1.99	0.02	0.30

Source: Salt Lake County

**Murray City Corporation
Schedule 7
Principal Sales Tax Payers
Current Year and Nine Years Ago**

Taxpayer	2008			1999		
	Sales Tax Collections	Rank	Percentage of Total City (1) Sales Taxes	Sales Tax Collections	Rank	Percentage of Total City Sales Taxes
Warehouse Store	\$1,403,174	1	10.06%	-----		-----
Furniture Store	750,109	2	5.38%	\$626,841	1	4.73%
Toyota Dealer	696,979	3	5.00%	467,635	4	3.53%
Clothing Store	615,147	4	4.41%	414,065	5	3.13%
Chevrolet Dealer	473,245	5	3.39%	317,483	6	2.40%
Warehouse Store	467,432	6	3.35%	560,979	2	4.23%
Honda Dealer	441,649	7	3.17%	296,381	8	2.24%
Lexus Dealer	404,260	8	2.90%	271,220	10	2.05%
BMW Dealer	354,760	9	2.54%	210,488	14	1.59%
Electronics Store	344,145	10	2.47%	-----		-----
Department Store	309,800	11	2.22%	297,652	7	2.25%
Heavy Equipment	308,572	12	2.21%	148,521	17	1.12%
Nissan Dealer	307,857	13	2.21%	147,928	18	1.12%
Department Store	264,245	14	1.90%	483,927	3	3.65%
Building Materials	258,807	15	1.86%	-----		-----
Ford Dealer	-----		-----	285,782	9	2.16%
Total	<u>\$7,400,181</u>		<u>53.08%</u>	<u>\$4,528,902</u>		<u>34.19%</u>

(1) Based on direct point of sales tax collection of \$13,941,921.

Source: Utah State Tax Commission

Murray City Corporation
Schedule 8
Property Tax Levies and Collections
Last Ten Fiscal years

Fiscal Year Ending June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date	
		Amount	Percentage of levy		Amount	Percentage of Levy
1999	2,247,357	2,099,550	93.42%	65,898	2,165,448	96.36%
2000	2,347,319	2,267,083	96.58%	79,773	2,346,856	99.98%
2001	2,803,216	2,720,974	97.07%	68,077	2,789,051	99.49%
2002	3,339,529	3,236,133	96.90%	56,414	3,292,547	98.59%
2003	3,370,383	3,266,544	96.92%	82,203	3,348,747	99.36%
2004	4,050,520	3,895,765	96.18%	75,424	3,971,189	98.04%
2005	4,213,642	4,131,312	98.05%	122,950	4,254,262	100.96%
2006	4,252,740	4,125,737	97.01%	111,516	4,237,253	99.64%
2007	5,961,277	5,803,417	97.35%	88,346	5,891,763	98.83%
2008	5,680,958	5,382,672	94.75%	88,937	5,471,609	96.31%

Source: Salt Lake County Treasurer

Murray City Corporation
Schedule 9
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Revenue Bonds	Capital Leases	Revenue Bonds	Capital Leases			
1999	7,286,000	0	3,555,000	0	10,841,000	1.26%	324
2000	6,531,000	0	2,750,000	0	9,281,000	0.74%	204
2001	5,731,000	0	20,000,000	0	25,731,000	1.95%	565
2002	16,590,000	0	19,430,000	126,000	36,146,000	2.72%	798
2003	16,005,000	0	18,755,000	98,000	34,858,000	2.62%	781
2004	18,070,000	0	26,555,000	387,000	45,012,000	3.22%	1,010
2005	16,810,000	713,000	34,820,000	290,000	52,633,000	3.59%	1,184
2006	15,510,000	543,000	33,450,000	200,000	49,703,000	3.27%	1,121
2007	13,115,000	550,159	32,505,000	639,562	46,809,721	2.71%	1,044
2008	11,810,000	372,998	31,005,000	420,924	43,608,922	2.73%	954

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Murray City Corporation
Schedule 10
Direct and Overlapping Governmental Activities Debt
As of June 30, 2008

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Murray City School District	\$23,895,000	100.00%	\$23,895,000
Salt Lake County General Obligation Debt	255,785,000	4.50%	11,510,325
Other debt			
Salt Lake County Sales Tax Bonds	78,180,000	4.50%	3,518,100
Salt Lake County Lease Revenue Bonds	51,258,000	4.50%	2,306,610
Salt Lake County Capital Leases	1,514,300	4.50%	68,144
Salt Lake County Notes Payable	345,000	4.50%	15,525
Subtotal, overlapping debt			41,313,704
City direct debt			12,182,998
Total direct and overlapping debt			\$53,496,702

Source: Debt outstanding data obtained from Salt Lake County Auditor.

Note: The percentage of overlapping debt is based upon population.

Murray City Corporation
Schedule 11
Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands of dollars)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	\$178,400	\$185,600	\$196,800	\$225,600	\$229,600	\$286,240	\$297,600	\$309,040	\$353,600	\$418,000
Total net debt applicable to limit	2,536	1,731	18,366	19,661	18,977	29,739	39,085	48,960	45,620	42,815
Legal debt margin	\$175,864	\$183,869	\$178,434	\$205,939	\$210,623	\$256,501	\$258,515	\$260,080	\$307,980	\$375,185

Total net debt applicable to the limit as a percentage of debt limit

1.42%	0.93%	9.33%	8.71%	8.27%	10.39%	13.13%	15.84%	12.90%	10.24%
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The bonded debt of the City is limited by statute to 8% of the "reasonable fair cash value" of property.

Legal Debt Margin Calculation for Fiscal Year 2008

Total reasonable fair cash value	\$5,225,000
Debt limit (8% of fair cash value)	418,000
Debt applicable to debt limit:	42,815
Legal debt margin	<u>\$375,185</u>

**Murray City Corporation
Schedule 12
Pledged Revenue Coverage
Last Ten Fiscal Years**

2001, 2004 and 2006 Electric Revenue Bonds						
Fiscal Year	(1) Utility Revenues	(2) Less Utility Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
1999	\$23,390,111	\$17,507,937	\$5,882,174	\$750,000	\$297,088	5.62
2000	23,475,471	18,981,880	4,493,591	805,000	246,838	4.27
2001	23,453,257	24,170,134	(716,877)	0	366,063	(1.96)
2002	29,865,308	32,086,704	(2,221,396)	570,000	1,073,620	(1.35)
2003	32,505,637	25,863,361	6,642,276	675,000	958,300	4.07
2004	29,174,680	25,364,029	3,810,651	700,000	931,300	2.34
2005	29,276,312	25,246,377	4,029,935	730,000	1,138,221	2.16
2006	32,957,429	27,534,067	5,423,362	1,060,000	1,276,823	2.32
2007	33,905,131	28,952,452	4,952,679	1,115,000	1,147,010	2.19
2008	34,091,482	30,928,405	3,163,077	1,175,000	1,207,253	1.33

2003 Water and Sewer Revenue Bonds						
2004	\$7,904,276	\$4,865,702	\$3,038,574	\$0	\$161,331	18.83
2005	9,075,720	4,799,802	4,275,918	305,000	346,825	6.56
2006	8,645,714	5,112,252	3,533,462	310,000	340,675	5.43
2007	9,565,796	5,363,965	4,201,831	315,000	345,122	6.37
2008	9,683,420	4,836,573	4,846,847	325,000	327,619	7.43

2003 Excise Tax Road Revenue Bonds						
2004	\$1,545,963	\$0	\$1,545,963	\$0	\$34,688	44.57
2005	1,200,096	0	1,200,096	535,000	64,025	2.00
2006	1,415,168	0	1,415,168	545,000	53,225	2.37
2007	1,515,171	0	1,515,171	555,000	42,125	2.54
2008	1,555,813	0	1,555,813	570,000	30,263	2.59

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Revenues include operating and nonoperating revenues.

(2) Expenses exclusive of depreciation, amortization, loss in joint venture, interest expense and in lieu of tax transfers.

**Murray City Corporation
Schedule 13
Demographic and Economic Statistics
Last Ten Calendar Years**

Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Unemployment Rates (3)
1998	32,898	809,422,392	24,604	3.4%
1999	33,461	857,136,976	25,616	3.4%
2000	45,391	1,256,150,534	27,674	3.0%
2001	45,565	1,317,511,975	28,915	4.3%
2002	45,315	1,329,949,935	29,349	6.3%
2003	44,621	1,331,401,398	29,838	5.7%
2004	44,555	1,397,467,575	31,365	4.8%
2005	44,453	1,466,193,299	32,983	4.7%
2006	44,844	1,728,467,186	38,544	2.4%
2007	45,732	1,598,379,132	34,951	3.4%

(1) United States Census Bureau for Murray City.

(2) U. S. Department of Commerce, Bureau of Economic Analysis for Salt Lake County.

(3) Utah Department of Workforce Services for Salt Lake County.

Murray City Corporation
Schedule 14
Principal Employers
As of June 30, 2008

Employer	By Industry Type	Employees	Rank
Cottonwood Hospital	Health Care	1,790	1
Murray City Corporation	Local Government	976	2
Murray City School District	Public Education	875	3
The University of Phoenix	Higher Education	475	4
3M Health Information Systems	Data Processing Services	377	5
Securitas Security Services	Security Services	369	6
Nordstrom, Inc	Department Store	351	7
Workers Compensation Fund	Insurance	326	8
Ivory Employee leasing Corp.	Employee Leasing	265	9
Dillard's	Department Store	248	10

Note: Principal Employers for prior years is not available.

Murray City Corporation
Schedule 15
Full Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	Full Time Equivalent Employees as of June 30									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government	56	54	58	62	66	66	68	66	65	59
Police										
Officers	61	66	67	67	70	72	75	75	78	78
Civilians	15	15	17	17	17	17	17	17	17	17
Fire										
Firefighters	40	40	50	50	50	50	50	50	52	52
Civilians	2	2	1	2	2	2	2	2	2	2
Highways & Public Improvements	38	36	36	38	38	40	40	42	36	35
Parks, Recreation & Public Property	29	29	31	31	34	34	34	34	34	34
Library	10	10	10	10	10	10	10	10	10	9
Community & Economic Development	5	5	6	6	6	6	5	5	5	4
Fleet	7	7	7	6	6	6	5	5	4	4
Power	60	59	62	59	55	56	54	54	54	54
Water	14	15	16	16	17	16	16	16	16	16
Wastewater	11	11	10	10	9	10	10	9	9	8
Golf Course	10	10	10	9	9	9	9	9	9	8
Storm Water	0	0	0	0	0	0	0	0	6	6
Metro Narcotics Task Force	4	4	4	4	4	4	4	4	4	3
Total Full Time Equivalent Employees	362	363	385	387	393	398	399	398	401	389
Seasonal Employees	287	307	326	393	503	555	574	543	575	560
Total Employees	649	670	711	780	896	953	973	941	976	949

Murray City Corporation
Schedule 16
Operating Indicators By Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Police										
Physical arrests	3,200	2,697	3,497	3,654	3,528	4,318	4,563	4,260	2,549	2,194
Traffic citations	---	---	---	---	7,746	11,429	13,588	11,959	6,935	6,666
Fire										
Fire calls	916	1,020	1,113	1,148	1,163	1,030	1,086	1,261	1,252	1,261
Medical calls	2,511	2,730	2,991	3,489	3,473	3,141	3,490	3,456	3,687	3,962
Inspections	912	905	987	1,144	1,310	1,266	1,132	1,176	1,200	1,261
Parks and recreation										
Park Center admissions	0	0	0	2,522	18,539	30,317	32,074	34,000	33,257	43,272
Recreation participants	11,082	11,686	11,436	12,100	13,653	14,873	15,581	15,320	15,484	16,447
Library										
Volumes in collection	76,697	73,406	84,344	81,715	82,335	82,602	81,643	85,861	84,236	86,723
Total volumes borrowed	266,022	262,974	265,084	294,418	307,901	340,622	352,306	339,282	365,855	406,842
Water										
Customers	8,853	9,084	9,074	9,229	9,310	9,356	9,304	9,456	9,490	9,825
Annual consumption (in millions of gallons)	3,397	3,131	2,974	2,836	2,729	2,711	3,234	2,750	3,865	3,344
Sewer										
Customers	8,704	8,561	8,598	8,627	8,722	8,784	8,817	8,953	8,966	8,977
Power										
Customers	15,771	16,213	15,904	15,938	15,999	16,087	16,112	16,269	16,500	16,546
Peak demand (KW)	80,532	82,320	89,040	89,980	93,150	98,300	93,310	98,560	98,246	107,110
Internal generation (MWH)	12,536	9,608	14,616	93,876	50,014	42,411	25,729	27,655	53,055	62,038
Purchased power (MWH)	329,841	361,098	368,396	305,859	331,056	397,312	369,312	383,825	361,917	449,567

Murray City Corporation
Schedule 17
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	39	36	36	36	36	38	38	38	40	41
Fire stations	3	3	3	3	3	3	3	3	3	3
Public works										
Streets (miles)	135	136	136	136	142	142	143	143	144	144
Streetlights	2,355	2,361	2,370	2,385	2,409	2,454	2,458	2,489	2,584	2,505
Parks and recreation										
Acreage	124	149	149	149	259	259	259	259	259	259
Parks	9	9	9	10	10	10	10	10	10	10
Golf courses	2	2	2	2	2	2	2	2	2	2
Recreation centers	0	0	0	0	1	1	1	1	1	1
Water										
Water mains (miles)	139	139	174	176	176	177	178	178	179	183
Wastewater										
Sanitary sewers (miles)	82	84	113	121	122	124	125	125	125	124
Power										
Generators	3	3	3	4	4	4	4	4	4	5
Substations	4	4	4	4	4	4	4	4	5	5

COMPLIANCE SECTION

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members of the City Council
Murray City Corporation, Utah

We have audited the basic financial statements of Murray City Corporation, Utah (the City), as of and for the year ended June 30, 2008, and have issued our report thereon dated November 6, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we consider the deficiencies presented in the accompanying schedule of findings to be significant deficiencies in internal control.

Compliance and Other Matters As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the City in a separate letter dated November 6, 2008.

This report is intended solely for the information and use of management, the City Council and others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

November 6, 2008

Hansen, Bradshaw, Malmrose & Erickson

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CERTIFIED PUBLIC ACCOUNTANTS

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON STATE OF UTAH STATE LEGAL COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members of the City Council
Murray City Corporation, Utah

We have audited the basic financial statements of Murray City Corporation, Utah (the City) for the year ended June 30, 2008, and have issued our report thereon dated November 6, 2008. As part of our audit, we have audited the City's compliance with the requirements governing types of services allowed or unallowed; eligibility; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2008. The City received the following major State assistance programs from the State of Utah:

B & C Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Cash Management	B & C Road Funds
Budgetary Compliance	Other Compliance Requirements
Truth in Taxation and Property	Impact Fees
Tax Limitation	Uniform Building Code Standards
Liquor Law Enforcement	Purchasing Requirements
Public Debt	Utah Retirement Systems
Asset Forfeiture	

The management of the City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying schedule of findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Murray City Corporation, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2008.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

November 6, 2008

MURRAY CITY CORPORATION
Schedule of Findings
Year Ended June 30, 2008

Internal Control Deficiencies

A. Capital Asset Accounting and Reconciliations

Finding: The City has not properly maintained and reconciled its capital asset records, both for governmental activities and proprietary funds. Capital asset activity has generally only been recorded at year end. Several audit adjusting entries have been required in recent years, including a correction of prior year construction in progress.

Recommendation: We recommend City personnel record capital asset activity on a monthly basis and reconcile capital asset records to the general ledger on at least a quarterly basis.

Management's Response: Accounting procedures will be changed to facilitate capital asset maintenance and reconciliation on a more timely basis.

B. Review and Approval of Journal Entries

Finding: We noted that journal entries are prepared by three finance department employees, but that entries generally lack approval by someone other than the preparer.

Recommendation: We recommend all journal entries be approved by a second person and that such review and approval be documented on the journal entry forms.

Management's Response: Journal entries will be approved and documented by someone other than the original preparer to improve the City's internal control procedures.

State Legal Compliance Findings

Requirement/Program

Current Year Findings

1. Deficit Fund Balance

Finding: Under State law, deficit fund balances in any fund are illegal. We noted a deficit balance in net assets in the Central Garage Internal Service Fund of \$52,486 as of June 30, 2008. We also noted a deficit fund balance in the Library Fund of \$375,240. These deficits resulted in the City's noncompliance with State of Utah fund balance requirements.

Recommendation: We recommend management review the budget of these funds and take appropriate action to eliminate these deficit fund balances in accordance with State of Utah legal compliance guidelines.

Management's Response: As part of the next City budget process, management intends to analyze the Central Garage Internal Service Fund to determine if fees should be increased to provide adequate funding or if this internal service fund should be funded as part of the City's General Fund. The Library Fund will make appropriate revenue and expenditure adjustments in the next few years to eliminate this deficit fund balance.

MURRAY CITY CORPORATION
Schedule of Findings
Year Ended June 30, 2008

Requirement/Program

2. Budgetary Compliance

Current Year Findings

Finding: In accordance with State law, officers and employees of an entity shall not incur expenditures or encumbrances in excess of the total appropriation for any department. For the year ended June 30, 2008, expenditures exceeded budget amounts in the following department:

<u>Fund</u>	<u>Department</u>	<u>Amount Over Budget</u>
General Fund	Debt service	\$1,041,916

Recommendation: The City should monitor the status over expenditures as compared to budget through the year, and amended the budget as necessary.

Management's Response: The original fiscal year 2008 debt service budget for payment of the refunded sales tax revenue bonds was inadvertently appropriated to enterprise funds as well as governmental funds. Since the debt is correctly a debt of the General Fund proper recording of the expenditure resulted in an over budget in the General Fund. The City will amend and correct the budget for future payments as appropriate.

MURRAY CITY CORPORATION
Impact Fee Collection and Use for Enterprise Funds
Fiscal Year Ending June 30, 2008

Water impact fees	\$ 552,100.76
Vine St Well Bldg & Rehabilitation	(363,095.33)
Pipe replacement	(155,496.86)
New meters	(33,508.57)
Carryover	<u>\$ -</u>
Waste water impact fees	\$ 402,169.85
Fireclay sewer line	(402,169.85)
Carryover	<u>\$ -</u>
Power impact fees	\$ 870,536.32
Distribution Plant/Transformers	(278,815.00)
Distribution Plant/Station Equipment	(591,721.32)
Carryover	<u>\$ -</u>
Stormwater impact fees	\$ 6,981.00
Curb & gutter improvements	(6,981.00)
Carryover	<u>\$ -</u>

Impact fees are collected and used on a city wide basis.
Detail of specific projects available upon request.

CONTINUING DISCLOSURE SECTION

MURRAY CITY CORPORATION
Continuing Disclosure-For all Revenue and Excise Tax Bonds of Murray City, Utah
Fiscal Year Ending June 30, 2008
Disclosure References

Municipal Building Authority of Murray City, Utah
All Municipal Building Authority debt has been defeased.

Debt Structure of Murray City
Outstanding Municipal Debt of the City
See Note 4 in Notes to Financial Statements in this Report.

Financial Information Regarding Murray City
Certain Property Tax Matters--Historical City Tax Rates
See Schedule 6 in the Statistical Section of this Report.

Certain Property Tax Matters--Taxable and Estimated Market Value of Property
See Schedule 5 in the Statistical Section of this Report.

Certain Property Tax Matters--Tax Collection Record
See Schedule 8 in the Statistical Section of this Report.

Five Year Financial Summary- See Table 2 of Sales Tax Bonds Continuing
Disclosure.

MURRAY CITY CORPORATION
Continuing Disclosure - Sales Tax Bonds - Series 2002 and 2007
Fiscal Year Ending June 30, 2008

Table 1A
Sources of General Fund Revenue

Set forth below are brief descriptions of the various sources of revenue available to the City's general fund. The percentage of total general fund revenues represent by each source is based on the City's audited financial statements for the year ending June 30, 2008.

Taxes- Approximately 75% of the general fund revenues are from taxes (approximately 55% from sales and use taxes; approximately 26% from general property taxes; approximately 19% from franchise taxes.)

Fines and Forfeitures-Approximately 6% of general fund revenues are collected from fines and forfeitures.

Charges for Services-Approximately 6% of general fund revenues are from charges for services.

Intergovernmental Revenues-Approximately 5% of general fund revenues are from state and federal grants and shared revenues.

Licenses and Permits-Approximately 5% of general fund revenues are from licenses and permits.

Interest-Approximately 2% of general fund revenues are from interest income.

Miscellaneous Revenue-Approximately 1% of general fund revenues are from miscellaneous revenues.

Table 1B
Pledged Sales & Use Taxes

Fiscal Year Ending June 30	Pledged Sales And Use Taxes	Percent Change From Prior Year
2008	\$13,941,921	(.42)%
2007	14,001,006	2.60
2006	13,646,750	10.44
2005	12,356,922	4.09
2004	11,871,387	7.02
2003	11,092,873	(6.88)
2002	11,856,499	.65
2001	11,779,998	(.53)
2000	11,842,556	1.82
1999	11,630,547	9.86

MURRAY CITY CORPORATION
Continuing Disclosure - Sales Tax Bonds - Series 2002 and 2007
Fiscal Year Ending June 30, 2008

Table 2
Murray City General Fund
Balance Sheet
(This summary has not been audited)

	<u>Fiscal Year Ending June 30</u>				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
ASSETS					
Cash and cash equivalents	\$3,213,053	\$6,676,845	\$9,198,556	\$9,299,325	\$6,801,199
Investments	0	0	1,000,000	1,998,524	0
Special assessments	1,140	20,859	1,753	652	50,596
Other	131,322	1,509,373	437,351	193,515	427,895
Property taxes receivable	3,830,000	3,740,000	5,278,000	5,380,000	5,567,645
Due from other funds	3,300,000	1,177,480	465,803	110,000	863,500
Due from other governments	2,521,501	2,367,113	2,663,144	2,893,498	3,026,978
Notes receivable	2,459,077	2,345,465	2,230,331	2,104,397	1,966,650
Restricted cash & cash equivalents	273,038	0	0	0	1,235,039
TOTAL ASSETS	\$15,729,131	\$17,837,135	\$21,274,938	\$21,979,911	\$19,939,502
LIABILITIES AND FUND EQUITY					
Accounts payable	\$996,070	\$825,809	\$1,982,751	\$589,707	\$672,000
Accrued liabilities	1,294,262	1,281,043	1,168,659	1,202,727	1,333,533
Due to other funds	0	100,150	17,851	0	0
Deposits	18,809	12,699	12,699	12,699	0
Deferred revenue	7,617,107	7,489,375	9,031,908	9,018,108	8,936,441
Compensated absences	190,905	149,638	0	0	0
Total liabilities	10,117,153	9,858,714	12,213,868	10,823,241	10,941,974
Fund Balance					
Reserved:					
For capital projects	0	0	0	1,830,000	1,800,000
For class "C" roads	350,000	515,000	50,000	0	0
For UTOPIA	1,230,000	1,230,000	1,230,000	1,235,039	1,235,039
Unreserved					
Designated for subsequent years expenditures	0	0	0	0	0
Undesignated	4,031,978	6,233,421	7,781,070	8,091,631	5,962,489
Total Fund Equity	5,611,978	7,978,421	9,061,070	11,156,670	8,997,528
TOTAL LIABILITIES AND FUND EQUITY	\$15,729,131	\$17,837,135	\$21,274,938	\$21,979,911	\$19,939,502

MURRAY CITY CORPORATION
Continuing Disclosure - Sales Tax Bonds - Series 2002 and 2007
Fiscal Year Ending June 30, 2008

Table 2A
Murray City General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
(This summary has not been audited)

	Fiscal Year Ending June 30				
	2004	2005	2006	2007	2008
REVENUES					
Taxes and special assessments	\$20,915,883	\$22,479,549	\$22,895,306	\$25,282,472	\$25,546,217
Licenses and permits	1,024,736	2,235,131	1,448,991	1,659,527	1,629,110
Intergovernmental	1,793,125	1,539,849	1,858,507	2,056,411	1,904,565
Charges for services	1,541,695	1,735,337	1,915,910	2,036,672	1,973,117
Fines and forfeitures	2,121,704	2,357,026	2,263,787	2,442,382	1,986,474
Interest	359,138	409,369	634,973	859,734	672,890
Miscellaneous	237,279	197,379	197,411	320,532	254,630
TOTAL REVENUE	\$27,993,560	\$30,953,640	\$31,214,885	\$34,657,730	\$33,967,003
EXPENDITURES					
Current:					
General government	4,478,171	5,074,547	5,104,793	5,406,712	5,494,900
Public safety	12,960,316	13,913,342	14,623,999	16,165,371	16,560,749
Highways and public improvements	7,489,857	4,809,252	5,733,760	4,556,938	3,587,048
Parks, recreation and public property	4,894,871	5,525,074	5,620,872	6,003,531	5,962,693
Debt service					
Principal	0	155,000	355,000	555,000	1,232,714
Interest and administrative charges	0	29,322	53,069	42,125	409,202
Bond issuance costs	0	0	0	158,837	0
TOTAL EXPENDITURES	29,823,215	29,506,537	31,491,493	32,888,514	33,247,306
Excess (deficiency) of revenues over expenditures	(1,829,655)	1,447,103	(276,608)	1,769,216	719,697
Other financing sources (uses)					
Operating transfers in	50,000	45,000	1,575,807	2,834,518	2,872,704
Operating transfers out	(25,000)	0	(512,000)	(2,797,030)	(5,936,000)
Sale of fixed assets	87,909	141,332	115,434	130,059	184,457
Bond proceeds or capital lease financing	3,000,000	733,008	180,016	10,155,874	0
Payments to refunded bond escrow	3,000,000	733,008	180,016	(9,997,037)	0
Net other financing sources (uses)	6,112,909	1,652,348	1,539,273	326,384	(2,878,839)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	4,283,254	3,099,451	1,262,665	2,095,600	(2,159,142)
Fund balance at beginning of year	4,328,724	5,611,978	7,978,421	9,061,070	11,156,670
Fund balance at end of year	\$8,611,978	\$8,711,429	\$9,241,086	\$11,156,670	\$8,997,528

MURRAY CITY CORPORATION
Continuing Disclosure - Electric Revenue Bonds - Series 2001, 2004 & 2006
Fiscal Year Ending June 30, 2008

Table 1
Power Rates

Rates fixed and charged for the energy distributed by Murray City Power are recommended by the Power Advisory Board and established by ordinance by the Mayor and City Council. Rates for electric service to customers of Murray City Power are not subject to approval of any Utah or federal regulatory body.

The Department last implemented a rate adjustment that would increase revenue by 1.8% on January 1, 2005. The unit costs and average monthly billings for most residential and commercial customers under current rates are as follows:

Residential

Customer Charge:	Per meter, per billing period	\$ 2.79
Energy Charge:	Peak Season (April thru September, inclusive)	
	First 600 KWH, per KWH:	\$ 0.0715
	All additional KWH, per KWH:	\$ 0.0802
	Off Peak Season (October thru March, inclusive)	
	All KWH, per KWH	\$ 0.0715

Residential (All Electric)

Customer Charge:	Per meter, per billing period	\$ 2.79
Energy Charge:	Peak Season (April thru September, inclusive)	
	First 600 KWH, per KWH:	\$ 0.0667
	All additional KWH, per KWH:	\$ 0.0747
	Off Peak Season (October thru March, inclusive)	
	First 400 KWH, per KWH:	\$ 0.0625
	All additional KWH, per KWH	\$ 0.0464

Commercial (General Service Small)

Customer Charge:	Per meter, per billing period	\$ 6.98
Energy Charge:	First 1500 KWH, per KWH	\$ 0.0770
	All additional KWH, per KWH	\$ 0.0389
Demand Charge:	Peak Season (April thru September, inclusive)	
	All KW above 5 KW, per KW:	\$10.40
	Off Peak Season (October thru March, inclusive)	
	All KW above 5 KW, per KW:	\$ 9.15

Commercial (General Service Large)

Customer Charge:	Per meter, per billing period	\$17.46
Energy Charge:	All KWH, per KWH	\$.0363
Demand Charge:	Peak Season (April thru September, inclusive) All KW, per KW:	\$10.95
	Off Peak Season (October thru March, inclusive) All KW, per KW:	\$ 9.63

AVERAGE MONTHLY BILL AND CONSUMPTION

	<u>Summer Bill</u>	<u>Summer KWH</u>	<u>Winter Bill</u>	<u>Winter KWH</u>
Residential	\$ 64.52	798	\$ 50.30	648
Residential (All Electric)	58.50	803	64.62	1167
Commercial (General Service Small)	146.24	1689	127.14	1512
Commercial (General Service Large)	3,193.46	47,465	2,561.09	40,317

Bills for electric service are prepared and mailed by the City administration on a monthly basis. Second and third notices of non-payment are given 50 and 58 days, respectively, after the date of the initial bill. Electric service is terminated between 60 and 76 days after the date of the initial bill.

MURRAY CITY CORPORATION

Fiscal Year Ending June 30, 2008

Ten Largest Power Customers

<u>Name</u>	<u>Type of Business</u>	<u>KWH</u>	<u>% of the City's Total KWH</u>
IMC & IHC	Health Care	51,219,717	11.54
Fashion Place Mall	Retail Mall	11,510,677	2.59
Murray City	Government	11,482,565	2.59
Multi Technology	Medical Manufacturing	7,315,600	1.65
Murray School District	Public Education	6,691,766	1.51
Okland Construction	Construction	5,388,000	1.21
Costco	Retail Sales	5,032,866	1.13
Cookietree	Bakery	4,730,640	1.07
Larry H Miller	Auto Dealerships	3,540,520	.80
Sam's Club	Retail Sales	<u>3,391,957</u>	<u>.76</u>
Totals.....		110,304,308	24.85%

MURRAY CITY CORPORATION
Continuing Disclosure - Electric Revenue Bonds - Series 2001, 2004 & 2006
Fiscal Year Ending June 30, 2008

Table 3
Power Department Annual Operating Statistics

	<u>Fiscal Year Ending June 30</u>				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Electric Revenues by Classes					
Residential	\$8,458,376	\$8,195,616	\$8,758,130	\$8,995,450	\$9,383,050
Commercial and Industrial	17,646,722	17,260,075	18,798,937	21,219,725	20,897,900
Other	732,671	715,472	739,225	743,341	557,471
Total Electric Revenues	<u>\$26,837,769</u>	<u>\$26,171,163</u>	<u>\$28,296,292</u>	<u>\$30,958,516</u>	<u>\$30,838,421</u>
Number of Metered Customers					
Residential	13,120	13,128	13,253	13,405	13,434
Commercial and Industrial	2,825	2,833	2,857	2,936	2,951
Other	142	151	159	159	161
Total Metered Customers	<u>16,087</u>	<u>16,112</u>	<u>16,269</u>	<u>16,500</u>	<u>16,546</u>
Peak Demand (kW)	98,300	93,310	98,560	98,700	107,106
Energy Generated & Purchased					
Total System Generation (MWh)	42,411	25,729	27,655	53,055	37,708
Purchased Power (MWh)	397,362	369,313	383,825	361,917	449,567
Total Energy Available (MWh)	<u>439,773</u>	<u>395,042</u>	<u>411,480</u>	<u>414,972</u>	<u>487,275</u>
Losses and System Use (MWh)	55,277	22,127	22,897	9,257	42,598
Energy Sales (MWh)	384,496	372,915	388,583	405,715	444,677
Electric Energy Sales					
Residential (MWh)	114,442	109,378	113,730	117,581	121,942
Commercial and Industrial (MWh)	241,960	252,429	263,954	277,203	311,228
Other (MWh)	28,094	11,108	10,899	10,931	11,507
Total Energy Sales (MWh)	384,496	372,915	388,583	405,715	444,677

MURRAY CITY CORPORATION
Continuing Disclosure-Electric Revenue Bonds-Series 2001, 2004 & 2006
Fiscal Year Ending June 30, 2008

Table 4
Power Fund Historical Operating Results(1)

	<u>2004</u>	<u>2005</u>	<u>Fiscal Year Ending June 30</u>		<u>2008</u>
			<u>2006</u>	<u>2007</u>	
Operating revenues:					
Energy sales revenue	\$28,047,182	\$26,571,079	\$28,354,736	\$30,958,516	\$31,662,362
Miscellaneous	993,772	2,392,127	1,277,487	2,122,246	1,173,680
Total operating revenues	29,040,954	28,963,206	29,632,223	33,080,762	32,836,042
Operating expenses:					
Cost of power	16,161,707	16,544,212	18,724,219	18,668,931	20,805,863
Operating and maintenance (excluding depreciation, amoriza- tion, in lieu of tax transfers and gain or loss on sale of assets)	9,202,322	8,702,165	8,808,848	10,283,521	10,122,542
Total operating expenses	25,364,029	25,246,377	27,533,067	28,952,452	30,928,405
Net operating revenues	3,676,925	3,716,829	2,099,156	4,128,310	1,907,637
Other income and expense (net)	133,726	305,636	3,325,206	821,369	1,255,440
Balance available for debt service	3,810,651	4,022,465	5,424,362	4,949,679	3,163,077
Debt service on bonds	1,631,300	1,868,221	2,336,823	2,262,010	2,278,151
Debt service coverage ratio	2.34	2.15	2.32	2.19	1.39

(1) Historical data has been taken from audited financial statements of the Power Fund.

MURRAY CITY CORPORATION
Continuing Disclosure-Electric Revenue Bonds-Series 2001, 2004 & 2006
Fiscal Year Ending June 30, 2008

Table 4A
Power Fund Projected Operating Results (1)

	Fiscal Year Ending June 30				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Operating revenues:					
Energy sales revenue	\$35,076,000	\$36,600,000	\$38,856,000	\$39,473,000	\$40,993,000
Miscellaneous	1,501,000	1,269,000	1,037,000	1,037,000	1,040,000
Total operating revenues	36,577,000	37,869,000	39,893,000	40,510,000	42,033,000
Operating expenses:					
Cost of power	20,225,000	21,213,000	23,416,000	25,097,000	25,467,700
Operating and maintenance (excluding depreciation, amoriza- tion, in lieu of tax transfers and gain or loss on sale of assets)	8,199,000	8,363,000	8,530,000	8,701,000	8,875,000
Total operating expenses	28,424,000	29,576,000	31,946,000	33,798,000	34,342,700
Net operating revenues	8,153,000	8,293,000	7,947,000	6,712,000	7,690,300
Other income and expense (net)	580,000	630,000	680,000	680,000	730,000
Balance available for debt service	8,733,000	8,923,000	8,627,000	7,392,000	8,420,300
Debt service on bonds	2,343,000	2,319,000	2,306,000	2,301,000	2,295,000
Debt service coverage ratio	3.73	3.85	3.75	3.22	3.67

(1) Basis of projection for Fiscal Years 2009 through 2013 utilizes actual data.

MURRAY CITY CORPORATION
Continuing Disclosure-Excise Tax Road Bonds-Series 2003
Fiscal Year Ending June 30, 2008

Table 1
Sources of Revenues for Class B and Class C Road Allocations
(Expressed in Thousands)

	Fiscal Year <u>2003</u>	Fiscal Year <u>2004</u>	Fiscal Year <u>2005</u>	Fiscal Year <u>2006</u>	Fiscal Year <u>2007</u>
Motor Fuel Tax	236,639	239,925	241,484	240,432	254,676
Special Fuel Tax	84,523	86,163	93,837	101,098	111,150
Motor Vehicle Registration Fees	28,359	29,390	30,690	32,579	34,293
Proportional Registration Fees	11,838	11,830	12,122	13,040	14,772
Temporary Permits	397	360	336	357	401
Special Transportation Permits	6,112	5,962	6,612	7,351	7,823
Highway Use Permits	7,944	8,148	8,421	8,588	8,090
Motor Vehicle Control Fees	4,289	4,515	4,757	5,062	5,302
Miscellaneous Permits & Fees	1,721	1,852	1,895	1,928	1,625
Investment Income	1,655	1,934	3,457	5,746	4,871
Miscellaneous Other Income	3,081	1,049	1,677	2,019	1,761
TOTAL	386,558	391,128	405,288	418,200	444,764

(Source: Utah State Auditor's Office-Comprehensive Annual Financial Reports.)

Table 2
Class C Road Fund Distributions

<u>Year</u>	<u>Murray City Allocations</u>	<u>Total B & C Road Fund Allocations</u>
2003	1,177,321	115,755,260
2004	1,545,953	126,044,713
2005	1,200,096	99,940,917
2006	1,116,253	92,051,605
2007	1,515,171	124,415,351
2008	1,555,813	128,055,200

(Source Murray City and Utah Department of Transportation)

Table 3
Calculation of Actual & Estimated Debt Service Coverage

<u>Fiscal Year</u>	<u>Actual* or Projected Class C Road Funds</u>	<u>Debt Service 2003 Bonds</u>	<u>Coverage</u>
2004*	1,545,953	34,688	44.57
2005*	1,200,096	599,025	2.00
2006*	1,116,253	598,225	1.87
2007*	1,515,171	597,225	2.54
2008*	1,555,813	600,263	2.59
2009	1,450,000	600,075	2.42
2010	1,470,000	213,150	6.90

(Source Murray City)

MURRAY CITY CORPORATION
Continuing Disclosure-Water & Sewer Revenue Bonds-Series 2003
Fiscal Year Ending June 30, 2008

Table 1
Historical Net Revenues and Debt Service Coverage(1)(2)

	<u>2004</u>	<u>2005</u>	<u>Fiscal Year Ending June 30</u>		<u>2008</u>
			<u>2006</u>	<u>2007</u>	
Operating Revenue					
Charges for Services	\$7,293,072	\$6,935,371	\$7,623,055	\$8,080,274	\$8,284,615
Fees	429,738	2,014,598	710,462	875,538	1,018,503
Other	120,034	20,442	28,838	7,062	21,805
Total Sources of Funds	7,842,844	8,970,411	8,362,355	8,962,874	9,324,923
Operating Expenses					
Transmission & Distribution	2,281,379	2,421,315	2,413,218	2,694,049	2,288,069
Administration and General	1,887,448	1,671,031	1,732,515	1,625,194	1,465,287
Operation & Maintenance	696,875	707,456	966,519	1,044,722	1,083,217
(Excluding depreciation, amortization, in lieu of tax transfers and loss on joint venture)					
Total Expenses	4,865,702	4,799,802	5,112,252	5,363,965	4,836,573
Net Operating Income	2,977,142	4,170,609	3,250,103	3,598,909	4,488,350
Non-Operating Income					
Interest Income	61,432	61,321	176,344	286,392	358,497
Interest Expense on interfund loan	(37,000)	(30,000)	0	0	0
Developers Contributions	0	0	0	0	0
Gain (loss) on Disposal of Assets	2,340	43,988	107,015	314,530	0
Total Non-Operating Revenues	26,772	75,309	283,359	600,922	358,497
Balance available for debt service	3,003,914	4,245,918	3,533,462	4,199,831	4,846,847
Debt service on bonds	106,605	651,825	650,675	660,122	662,917
Balance Remaining After debt service	2,897,309	3,594,093	2,882,787	3,539,709	4,183,930
Debt Service Coverage	28.18	6.51	5.43	6.36	7.31

(1) The City had no outstanding debt payable from Revenues of the System prior to the Series 2003 Bonds.

(2) Data has been taken from audited financial statements of the Water and Sewer Funds.

MURRAY CITY CORPORATION

Fiscal Year Ending June 30, 2008

Ten Largest Water and Sewer Customers

<u>Name</u>	<u>Water Charges</u>	<u>Sewer Charges</u>	<u>Total</u>
Murray City Corporation	\$163,208	\$29,345	\$192,553
Murray School District	133,271	35,497	168,768
Intermountain Medical Center	64,504	49,472	113,976
Murray Ut PM Group	54,996	8,072	63,068
Winchester Estates	53,026	37,231	90,257
Hunters Woods Apartments	48,930	59,148	108,078
Intermountain Health Care	48,569	63,663	112,232
Three Fountains Condos	46,833	45,956	92,789
Stillwater Apartments	36,755	53,616	90,371
JamesPointe Apartments	35,452	33,166	68,618

MURRAY CITY CORPORATION
Continuing Disclosure-Water & Sewer Revenue Bonds-Series 2003
Fiscal Year Ending June 30, 2008

Table 3A
Five Year Financial Summaries of the System

Balance Sheet-Water Enterprise Fund

	Fiscal Year Ending June 30				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Current assets:					
Cash and cash equivalents	\$1,239,544	\$2,602,412	\$2,709,029	\$4,921,635	\$6,072,079
Receivables:					
Accounts, net of allowance	510,367	349,375	655,891	823,401	744,436
Other receivables	450	8,975	6,444	1,020	264
Due from other funds	0	33,288	0	0	0
Total current assets	<u>1,750,361</u>	<u>2,994,050</u>	<u>3,371,364</u>	<u>5,746,056</u>	<u>6,816,779</u>
Restricted cash	1,658,133	422,702	0	0	0
Property, plant and equipment:					
Land	1,714,666	1,714,666	1,714,666	1,714,666	1,714,666
Buildings	570,550	570,550	904,024	904,024	904,024
Improvements other than buildings	14,702,406	18,538,057	19,925,064	20,161,372	20,877,244
Machinery and equipment	2,511,769	2,534,912	2,095,040	2,221,698	2,208,825
Furniture and fixtures	394,806	394,806	244,515	244,515	244,515
Construction in progress	3,446,352	244,954	0	260,304	494,688
Accumulated dedreciation	<u>(9,180,051)</u>	<u>(9,803,253)</u>	<u>(9,793,700)</u>	<u>(10,531,291)</u>	<u>(11,272,986)</u>
Net property, plant and equipment	<u>14,160,498</u>	<u>14,194,692</u>	<u>15,089,609</u>	<u>14,975,288</u>	<u>15,170,976</u>
Other assets					
Unamortized bond issue costs	22,762	21,564	20,366	19,168	18,040
Total assets	<u>17,591,754</u>	<u>17,633,008</u>	<u>18,481,339</u>	<u>20,740,512</u>	<u>22,005,795</u>
Liabilities:					
Current liabilities					
Accounts payable	991,617	218,829	45,795	403,497	24,937
Accrued liabilities	40,717	44,486	48,794	42,664	59,162
Due to other funds	10,085	10,085	53,374	960	480
Long-term debt - current portion	190,900	194,024	197,153	203,412	400,253
Accrued interest	<u>54,745</u>	<u>53,791</u>	<u>52,821</u>	<u>51,835</u>	<u>53,555</u>
Total current liabilities	1,288,064	521,215	397,937	702,368	538,387
Compensated absences:	70,186	74,477	63,316	199,444	23,942
Long-term debt, due after one year	<u>5,129,100</u>	<u>4,935,076</u>	<u>4,737,923</u>	<u>4,534,511</u>	<u>4,327,976</u>
Total liabilities	<u>6,487,350</u>	<u>5,530,768</u>	<u>5,199,176</u>	<u>5,436,323</u>	<u>4,890,305</u>
Net assets					
Investment in capital assets net of debt	9,031,398	9,065,592	10,154,533	10,237,365	10,442,747
Restricted for debt service	1,658,133	0	0	0	0
Unrestricted	<u>414,873</u>	<u>3,036,648</u>	<u>3,127,630</u>	<u>5,066,824</u>	<u>6,672,743</u>
Total net assets	<u>\$11,104,404</u>	<u>\$12,102,240</u>	<u>\$13,282,163</u>	<u>\$15,304,189</u>	<u>\$17,115,490</u>

MURRAY CITY CORPORATION
Continuing Disclosure-Water & Sewer Revenue Bonds-Series 2003
Fiscal Year Ending June 30, 2008

Table 3B
Five Year Financial Summaries of the System

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Water Enterprise Fund

	Fiscal Year Ending June 30				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Operating revenues					
Sales and charges for service	\$4,260,983	\$3,828,387	\$4,628,274	\$4,931,555	\$4,993,881
Connection servicing fees	269,711	1,240,859	461,180	11,735	36,177
Other	<u>62,109</u>	<u>13,685</u>	<u>16,120</u>	<u>7,062</u>	<u>11,941</u>
Total operating revenues	<u>4,592,803</u>	<u>5,082,931</u>	<u>5,105,574</u>	<u>4,950,352</u>	<u>5,041,999</u>
Operating expenses					
Transmission, distribution & maint	1,516,252	1,686,865	1,527,195	1,932,020	1,514,203
Administrative and general	1,426,708	1,208,218	1,218,429	1,105,821	1,011,282
Depreciation and amortization (1)	570,726	729,670	705,060	777,068	787,983
In lieu of tax transfers (1)	<u>380,475</u>	<u>342,363</u>	<u>432,418</u>	<u>466,707</u>	<u>529,562</u>
Total operating expenses	<u>3,894,161</u>	<u>3,967,116</u>	<u>3,883,102</u>	<u>4,281,616</u>	<u>3,843,030</u>
Operating income (loss)	<u>698,642</u>	<u>1,115,815</u>	<u>1,222,472</u>	<u>668,736</u>	<u>1,198,969</u>
Nonoperating revenues (expenses)					
Interest revenue	41,154	53,887	112,492	200,272	267,376
Interest expense	0	(215,854)	(212,056)	(208,014)	(207,145)
Contributed assets from developers	0	0	0	0	0
Gain (loss) on disposal of equipment	2,340	43,988	57,015	308,680	0
Impact fees	<u>0</u>	<u>0</u>	<u>0</u>	<u>615,322</u>	<u>552,101</u>
Net nonoperating revenues (expense)	<u>43,494</u>	<u>(117,979)</u>	<u>(42,549)</u>	<u>916,260</u>	<u>612,332</u>
Income (loss) before operating transfers	742,136	997,836	1,179,923	1,584,996	1,811,301
Operating transfers in	<u>0</u>	<u>0</u>	<u>0</u>	<u>437,030</u>	<u>0</u>
Charge in net assets	742,136	997,836	1,179,923	2,022,026	1,811,301
Net assets at beginning of year	<u>10,362,268</u>	<u>11,104,404</u>	<u>12,102,240</u>	<u>13,282,163</u>	<u>15,304,189</u>
Net assets at end of year	<u>\$11,104,404</u>	<u>\$12,102,240</u>	<u>\$13,282,163</u>	<u>\$15,304,189</u>	<u>\$17,115,490</u>

(1) Not included as an Operating and Maintenance Expense.

MURRAY CITY CORPORATION
Continuing Disclosure-Water & Sewer Revenue Bonds-Series 2003
Fiscal Year Ending June 30, 2008

Table 4A
Five Year Financial Summaries of the System
Balance Sheet-Sewer Enterprise Fund

	Fiscal Year Ending June 30				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Current assets:					
Cash and cash equivalents	\$556,392	\$1,433,959	\$1,527,379	\$1,899,691	\$2,233,314
Receivables:					
Accounts, net of allowance	266,774	266,309	260,686	332,832	361,353
Due from other funds	10,085	10,085	960	960	480
Due from other governments	111,150	111,150	111,150	111,150	111,150
Total current assets	<u>944,401</u>	<u>1,821,503</u>	<u>1,900,175</u>	<u>2,344,633</u>	<u>2,706,297</u>
Restricted cash	416,660	0	0	0	0
Property, plant and equipment:					
Land	178,487	178,487	178,487	178,487	178,487
Buildings	949,132	949,132	949,132	949,132	949,132
Improvements other than buildings	7,776,639	7,776,639	7,833,261	7,833,261	7,833,261
Machinery and equipment	1,279,795	1,279,795	1,324,131	1,336,333	1,253,333
Furniture and fixtures	102,762	102,762	102,762	102,762	102,762
Construction in progress	0	0	0	18,775	803,988
Accumulated depreciation	<u>(3,725,419)</u>	<u>(4,085,386)</u>	<u>(4,136,252)</u>	<u>(4,411,600)</u>	<u>(4,558,170)</u>
Net property, plant and equipment	<u>6,561,396</u>	<u>6,201,429</u>	<u>6,251,521</u>	<u>6,007,150</u>	<u>6,562,793</u>
Other assets:					
Investment in joint ventures	5,662,169	4,178,178	3,652,056	3,239,123	3,195,752
Unamortized bond issue costs	<u>13,605</u>	<u>12,889</u>	<u>12,173</u>	<u>11,457</u>	<u>10,783</u>
Total other assets	<u>5,675,774</u>	<u>4,191,067</u>	<u>3,664,229</u>	<u>3,250,580</u>	<u>3,206,535</u>
Total assets	<u>13,598,231</u>	<u>12,213,999</u>	<u>11,815,925</u>	<u>11,602,363</u>	<u>12,475,625</u>
Liabilities:					
Current liabilities					
Accounts payable	339,933	73,489	91,404	104,025	636,634
Accrued liabilities	17,165	18,979	23,032	18,937	20,999
Due to other funds	1,800,000	6,480	9,471	0	0
Long-term debt - current portion	114,100	115,976	117,847	121,588	173,950
Accrued interest	<u>32,724</u>	<u>32,153</u>	<u>31,573</u>	<u>30,984</u>	<u>32,012</u>
Total current liabilities	<u>2,303,922</u>	<u>247,077</u>	<u>273,327</u>	<u>275,534</u>	<u>863,595</u>
Compensated absences:	16,958	16,358	20,239	64,243	6,240
Long-term debt, due after one year	<u>3,065,900</u>	<u>2,949,924</u>	<u>2,832,077</u>	<u>2,710,489</u>	<u>2,587,024</u>
Total liabilities	<u>5,386,780</u>	<u>3,213,359</u>	<u>3,125,643</u>	<u>3,050,266</u>	<u>3,456,859</u>
Net assets					
Investment in capital assets net of debt	9,157,665	7,313,707	6,953,653	6,414,196	6,997,571
Restricted for debt service	416,660	314,066	314,066	0	0
Unrestricted	<u>(1,362,874)</u>	<u>1,372,867</u>	<u>1,422,563</u>	<u>2,137,901</u>	<u>2,021,195</u>
Total net assets	<u>\$8,211,451</u>	<u>\$9,000,640</u>	<u>\$8,690,282</u>	<u>\$8,552,097</u>	<u>\$9,018,766</u>

MURRAY CITY CORPORATION
Continuing Disclosure-Water & Sewer Revenue Bonds-Series 2003
Fiscal Year Ending June 30, 2008

Table 4B
Five Year Financial Summaries of the System
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Sewer Enterprise Fund

	Fiscal Year Ending June 30				
	<u>2004</u>	<u>2004</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Operating revenues					
Sales and charges for service	\$3,032,089	\$3,032,089	\$2,994,781	\$3,150,719	\$3,290,734
Connection servicing fees	160,027	160,027	249,282	(1,525)	28,055
Other	<u>57,925</u>	<u>57,925</u>	<u>12,718</u>	<u>0</u>	<u>9,864</u>
Total operating revenues	<u>3,250,041</u>	<u>3,250,041</u>	<u>3,256,781</u>	<u>3,149,194</u>	<u>3,328,653</u>
Operating expenses					
Transmission, distribution & maintenance	765,127	765,127	886,023	762,029	773,866
Administrative and general	460,740	460,740	514,086	519,373	454,005
Depreciation and amortization (1)	189,527	189,527	249,082	296,003	301,244
Central Valley operation & maintenance	696,875	696,875	966,519	1,044,722	1,083,217
In lieu of tax transfers (1)	<u>276,481</u>	<u>276,481</u>	<u>277,467</u>	<u>275,594</u>	<u>326,132</u>
Total operating expenses	<u>2,388,750</u>	<u>2,388,750</u>	<u>2,893,177</u>	<u>2,897,721</u>	<u>2,938,464</u>
Operating income (loss)	<u>861,291</u>	<u>861,291</u>	<u>363,604</u>	<u>251,473</u>	<u>390,189</u>
Nonoperating revenues (expenses)					
Interest revenue	20,278	20,278	63,852	86,120	91,121
Interest expense	(143,605)	(143,605)	(141,411)	(137,108)	(133,520)
Gain (loss) on disposal of equipment	0	0	50,000	5,850	0
Equity loss in joint venture (1)	(484,659)	(484,659)	(646,403)	(594,526)	(283,291)
Contributed assets from developers	0	0	0	0	0
Impact fees	<u>0</u>	<u>0</u>	<u>0</u>	<u>250,006</u>	<u>402,170</u>
Net nonoperating revenues (expense)	<u>(607,986)</u>	<u>(607,986)</u>	<u>(673,962)</u>	<u>(389,658)</u>	<u>76,480</u>
Income (loss) before operating transfers	253,305	253,305	(310,358)	(138,185)	466,669
Operating transfers	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Charge in net assets	253,305	253,305	(310,358)	(138,185)	466,669
Net assets at beginning of year	<u>7,958,146</u>	<u>7,958,146</u>	<u>9,000,640</u>	<u>8,690,282</u>	<u>8,552,097</u>
Net assets at end of year	<u>\$8,211,451</u>	<u>\$8,211,451</u>	<u>\$8,690,282</u>	<u>\$8,552,097</u>	<u>\$9,018,766</u>

(1) Not included as an Operating and Maintenance Expense.

